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NEWS SUMMARY

GENERAL

Oil rig wreck threat to pipes

Oil and Government officials are waiting in Stavanger to begin their inquiries into the cause of the North Sea oil rig disaster. The rig's severed leg *is being towed to the* Norwegian port for examination.

No definite plan for moving the remainder of the rig has been made yet, but a decision will have to be made soon as the wreckage presents a hazard to surrounding underwater pipelines.

The search for survivors was abandoned at the weekend with 82 *men still missing*. Eighty-nine men were saved, and 41 bodies have been found. Back Page

Ceasefire over

Ceasefire between rival Muslim armies in Chad lasted less than three hours. Diplomats and staff left the French Embassy in N'djamena and fled to a French-held airfield.

Mantovani dies

Annunzio Paolo Mantovani, the *musician known* throughout the world simply as Mantovani, died in a nursing home at Tunbridge Wells, Kent, aged 74. He had been ill for several years.

U.S. keeps bases

Major step towards securing Western interests in the Mediterranean was made when Turkey agreed to the continued use of U.S. military facilities there in return for military and economic aid. Page 2

NCC attacked

Mrs. Sally Oppenheim, Consumer Affairs Minister, rebuked the state-financed National Consumer Council for being too politically motivated. Page 5, Back Page

Thousands mourn

Troops were confined to barracks and a police leave cancelled when more than 10,000 people took to the streets in El Salvador for the funeral of murdered Archbishop Oscar Romero.

Arson move

Police investigating arson attacks on holiday homes arrested more than 30 people *during dawn raids on* houses throughout Wales. Police would not say if any had been charged.

Soviet troops

Afghan leader Babrak Karmal said there were about 15,000 Soviet troops in his country. Western reports have put the figure at 80,000.

Shah recovering

Surgeons who removed the exiled Shah's enlarged spleen are confident he will make a *full* recovery and be able to leave the military hospital in Cairo in about 10 days. Page 2

President's death

Vietnamese *President* Ton Duc Thang, holder of the largely ceremonial post since 1969, died aged 91.

Mower power

Consultant psychiatrist Dr. Tony Whitehead plans to raise money for Brighton General Hospital—and claim a world record—by pushing an air-cushion lawn *mower for 53 miles* between London and the Sussex town in two days next month.

Briefly . . .

Prince Charles arrived in Canada for an official tour.

Two skiers missing overnight in the Scottish Highlands were found safe by an RAF helicopter crew.

BUSINESS

Aston Martin in new MG talks

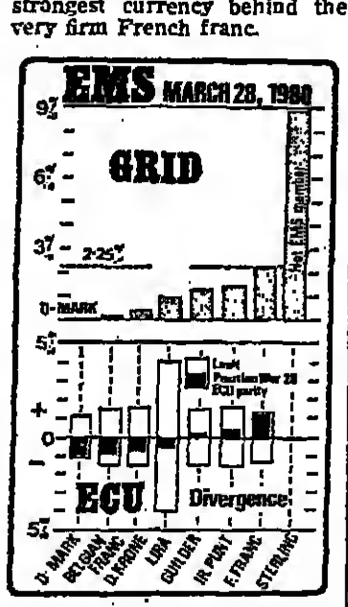
● **ASTON MARTIN** has given up trying to acquire the MG Cars name from BL. Instead, at a meeting in London today, it will aim to conclude a deal to make the MGB sports car under *licence*. Back Page

● **GOVERNMENT** is to consider major reforms in the financial control of nationalised industries and in the definition of public sector borrowing. Back Page

● *GERMAN D-Mark* finished as the weakest member of the European Monetary System on Friday. The currency was under particularly heavy pressure against the dollar last week, requiring support by the Bundesbank on most days. This led to a decline by the D-Mark against its EMS partners.

The Belgian franc was the *second weakest* EMS member, but has required much less intervention by the Belgian National Bank in the *last* two weeks, leading to comments that the central bank is winning the battle to defend the franc without resorting to devaluation.

The Danish krone was also weak, slightly firmer than the Belgian franc and D-Mark. The Irish punt *improved* quite sharply to become the second strongest currency behind the very firm French franc.



The chart shows the two constraints on the European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross-rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

● **ITALY'S** economic growth is likely to almost halt in the second half of this year, with the unemployment rate rising above 8 per cent, says the OECD annual report on the country. Back Page

● **WEST GERMANY** has been presented with a bleak picture of higher prices, slower industrial growth and thinner order books, in a series of statistics and economic forecasts. Page 2

● **EUROPEAN COMMISSION** has instructed the EEC's 11 major man-made fibre groups to revise the dumping complaint lodged with Brussels against U.S. polyester filament yarn producers. Page 3

● **UK** *GOLD and foreign* exchange reserve figures for the end of March, to be published on Wednesday, are expected to show a sharp rise. Page 4

● *CONSULTING* engineers' overseas fees, which make a big contribution to UK invisible earnings, are in jeopardy, says their association. Page 5

● *FINANCIAL* **TIMES** Grocery Price Index rose by 1.86 per cent in March because of a sharp increase in the price of *canned* goods, fresh fruit and vegetables. Page 5

● **CHINA** is to issue foreign residents and visitors with currency coupons from *tomorrow* in an attempt to stop currency black marketeering. Page 2

CONTENTS

Steelmen may get higher rise than 'final' BSC offer

BY CHRISTIAN TYLER, LABOUR EDITOR

THE CONCLUSIONS of the public inquiry into the steel dispute will be put to the British Steel Corporation and trade union leaders this morning after a weekend of public hearings. There were signs *last* night that the striking steelworkers will be given a pay award larger than the BSC "final" offer.

Lord Lever, chairman of the three-man committee of inquiry into the 13-week strike, said he hoped to reach a tentative verdict last night on the unions' wage demands in a private *session of the committee. That* would be put to the unions and management this morning. If it is not acceptable to both sides the committee's deliberations may continue.

Lord Lever said as he left the Government building at Vauxhall where the *hearings* were held that he did not regard the corporation's argument that it could not pay any more money as more than a negotiating tactic.

He said: "Of course the committee will take into account the ability of the corporation to pay, the consequences of paying, whether that will mean higher prices, lost trade, less capital expenditure, debt, lost jobs and so on. But the *simplistic proposition that* there is no money in the bank is better relegated to the area of negotiating dialectic."

Descriptions of the corporation as "bankrupt" or "bust" were emotive and populist but "not absolutely decisive." At the same time there was no point in the committee saying to *the management* that it should turn out its pockets if there was no money to make an award.

The committee would be "bagging our notes together" and reviewing what he described as a huge weight of paper.

The committee's brief is to decide between the BSC's offer of a 10 per cent general pay increase with another 4 per cent at least in return for job losses and productivity improvement at works level, against the unions' claim for 14 per cent nationally and 5 per cent locally.

The day ended *with the unions* urging Lord Lever to recognise that unless the committee increased the BSC offer morale and incentive in the steel industry would be destroyed and its management would have no chance of restoring the corporation to viability.

Craft unions are ready to *call* off the strike on behalf of their 40,000 members (out of 130,000 on strike) as soon as the committee unveils its decision. How*ever, the main protagonists*, the Iron and Steel Trades Confederation and the National Union of *Blastfurnacemen, will* take the recommendations back to their negotiators and then to *their national executive committees* before lifting the strike.

Yesterday began well for the corporation as the committee probed the unions' willingness to take pay rises in return for productivity concessions. But later BSC executives were cross-examined and chided *by* the chairman for failing to produce what he called a realistic balance-sheet. By the end of the proceedings the unions were hopeful that the BSC's commercial logic *might* be overtaken by the need for an industrial relations settlement.

Winding up the public part of the hearing Lord Lever congratulated the parties on their moderation, adding that he felt "a deep compassion" for both sides in the industry and hoped that there would be a powerful steel industry in Britain for many long years.

Mr. Gavin Laird of the en-

Continued on Back Page

Ford to be picketed

Although the inquiry is on the verge of reporting, the steel unions *will make another* attempt to increase the effectiveness of their three-month-long strike this morning.

From today the Ford motor company's works at Dagenham will be subjected to a highly-organised ISTC picket. Steel strike leaders have been involved *in long discussions* with Ford shop stewards during the strike and believe that they at last have a strong chance of halting the movement of all steel at Dagenham.

U.S. seeks to bid for computer contract

By Guy de Jonquieres

U.S.-OWNED computer companies are strongly pressing the British Government to allow them to compete against ICL in bidding for contracts to supply the Inland Revenue with a large computer system worth up to *£100m*.

At present, non British computer manufacturers are barred from competing for large central government projects by the preferential procurement policy, which requires that such contracts be awarded to ICL, provided it can meet specified prices and performance.

The U.S. *companies argue*, however, that the Inland Revenue project is among the biggest ever undertaken by a public authority in Europe and point out that ICL has never before installed a computer system of this size.

They contend the Inland Revenue's needs will be met more effectively if it is able to *select from a range of* proposals submitted by several bidders.

If these arguments are accepted by Sir Keith Joseph, the Industry Secretary, they could present him and other members of the Cabinet with a delicate choice between their commitment to stimulate competition or to give support to Britain's own computer industry.

At present, the feeling in the Industry Department appears to be in favour of restricting the bidding to UK suppliers. ICL has said that it intends to put forward an "all British" proposal in partnership with several smaller hardware manufacturers.

The *decision* is *complicated* by the Government's obligation, under both EEC and GATT rules, to abolish its preferential procurement policy at the end of this year—several months before the initial contracts for the Inland Revenue scheme are due to be put out to tender.

The Industry Department appears to consider that the project none the less falls within the scope of the preferential arrangements because the so-*called operational requirements*, specifying details of the scheme, will be issued this year.

This interpretation is not shared by most of ICL's would-be competitors, including IBM, Burroughs and Sperry Univac.

ICL's competitors admit that it has sufficiently advanced machines to handle the Inland Revenue's requirements but claim that it is weak in software, which could account for as much as half the total cost of the project. ICL contends, however, that it is fully up to the task.

Confusion on U.S. hostage initiative

BY DAVID BUCHAN IN WASHINGTON AND SIMON HENDERSON IN TEHRAN

THE U.S. appeared last night to have launched a new effort—with some of its European allies—to win the release of the Tehran embassy hostages held for the past five months.

But some confusion surrounded the diplomatic moves. The White House issued denials of the Iranian version of the peace overture.

It is also believed that the Carter *Administration* is *considering* new action against Iran if the hostage deadlock is not broken quickly. For example, the formal promulgation of trade sanctions, in existence since the beginning of the year.

Mr. *Sadeq Ghotbzadeh*, the Iranian Foreign Minister, repeated on American television yesterday Iranian claims that he and President Abol Hassan Bani-Sadr had received a message from President Jimmy Carter about the hostages.

Mr. Ghotbzadeh said the message had been passed in Farsi translation to Iran's spiritual leader, Ayatollah Ruhollah Khomeini.

American officials have stuck to a statement on Saturday by Mr. Jody Powell, the White House Press secretary, that there has been no direct communication between President Carter and the Ayatollah.

But they have avoided denying a Swiss Government statement that its charge d'affaires in Tehran delivered a message from President Carter to President Bani-Sadr.

Mrs. Margaret Thatcher, the Prime Minister, has sent a message to President Bani-Sadr, appealing for the hostages' release, a Downing Street spokesman said yesterday.

The German Government said a similar message had been sent over the weekend by Chancellor Helmut Schmidt.

It was disclosed that a communique referring to the hostages had been sent by *Denmark*, on behalf of a meeting of Nordic Foreign Ministers in Helsinki last week.

Mr. *Ghotbzdeh called the* thrust of the alleged letter from Mr. Carter "very constructive and balanced." He regretted its impact might be lost because of the White House denial.

He said on ABC Television that the ayatollah's office should first have informed the U.S. before releasing the text of the message.

He *speculated the* White House was forced to disavow the message because its content might be interpreted, by the American electorate, as too soft towards Iran.

The document released by the ayatollah's office called for the setting up of a U.S.-Iranian commission to review problems in their relationship, after the hostages had been transferred to custody of the Tehran Government.

In notably conciliatory *language*, the *purported message* said the U.S. had a history of "admitting its mistakes."

It is plausible Mr. Carter could have made both these points in recent contacts known to have taken place. For instance, the administration has not objected to a U.S. Senate plan to write up a "white paper" on past American links with the Shah's *regime*.

Although the U.S. is considering new action, it does not want to drive Iran into the Soviet Union's embrace or endanger the hostages by preemptory action.

A last-minute overture, possibly backed by NATO allies as reports from Europe would suggest, would not be out of order.

Ayatollah Khomeini's son, who looks after the Iranian leader's office, referred to the U.S. denial as a lie and much of the letter was lies.

President Bani-Sadr said Mr. Carter had not yet understood the Islamic revolution in Iran, otherwise he would know that nothing was concealed from the public.

The letter is said to have been delivered to President Bani-Sadr *and* Mr. Ghotbzadeh last Wednesday. Mr. Ghotbzadeh apparently handed it in at the Ayatollah's reidence *last Friday*.

The contents of the message may have been in sympathy with the President and Foreign Minister, who have been trying to resolve the crisis.

The U.S. is seen by Tehran diplomats as trying to back up the President so he can ask the Ayatollah to support him in ruling the country.

In publishing the letter, Khomeini is seen as seeking the approval of the Iranian nation before taking action.

The most immediate reactions in local newspapers were unenthusiastic. The Islamic Republic newspaper, which opposes President Bani-Sadr, said President Carter's letter showed U.S. diplomacy had reached a dead end.

Iran reiterates idea of regional talks, Page 2

British Airways predicts maximum profit of £1m

BY LYNTON McLAIN

BRITISH AIRWAYS' profit for the financial year which ends today has been almost eliminated by higher than forecast fuel costs and the impact of the move towards cheap fares.

As a result, the airline's £28.4bn investment programme in new aircraft has been cut back.

The out-turn for 1979-80 is a profit of just £1m. This compares with the near-record profit of £110m before interest and tax which the airline made in *1978-79*. Early last year BA forecast a profit this year of £157m, but as fuel costs escalated and profits from cheap fares fell away they was downgraded to £35m in January. Since then matters have worsened.

Complete figures are not yet in but the airline said last night that the profit, if any, was certain to be "marginal." Mr. Roy Watts the airline's chief executive said BA was now "right on the limit of profitability."

The final results, to be published in the summer, could even show a loss of *£1m*. However, if this happens, the airline is understood to be considering adjusting the rate of depreciation for its aircraft fleet to keep the airline in the black.

The outlook for 1980-81 is also bleak unless fares are raised substantially.

The decision to revise spending plans has come at a bad time. The new aircraft were needed to meet passenger growth and to replace existing inefficient and noisy aircraft, which will be banned from flying by new noise regulations in 1986—when the BA programme was to have been completed.

The BA board is also worried about the effect its changed *fortunes will* have on potential private sector investors.

These are to be invited, under Government plans, to buy a "substantial minority" stake in a company to be formed from a partially denationalised British Airways.

Personal loans growth slackens

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE *GROWTH* in bank *lending* to the personal sector slackened considerably between November and February, after last autumn's rise in interest rates.

But the demand for credit from industry, particularly engineering, remains strong.

The quarterly analysis of bank advances published by the Bank of England this morning shows that personal *lending* rose by £235m, or 3.1 per cent.

This was less than half the *rise* in the previous *two* quarters and the smallest increase for a year. The figures cover loans for house purchase and improvement, as well as consumer credit.

The slackening in growth suggests the rise in interest rates—with personal overdrafts now costing more than 20 per cent and an even higher rate on credit cards — has dampened personal demand for credit.

This reinforces the Government's decision to reject quan*titative controls on loans and* credit cards.

In contrast, lending to manufacturing continued to increase strongly—up £647m, or 5.2 per cent.

There were large differences within manufacturing. The biggest rise in lending was to engineering—up £399m, or 11.5 per cent. Over the last year, lending to engineering has risen by 35.5 per cent compared with 26 per cent for manufacturing as a whole.

This trend highlights the financial pressures of falling liquidity resulting from squeezed profit margins and excessive holdings of stocks.

Outside manufacturing the largest increase in lending was to the professional, scientific *and miscellaneous group* which includes the *strongly* growing leasing business. Loans rose by *£610m*, or *12.5* per cent, between November and February.

The figures refer to sterling lending to UK private residents. This rose in total by 29 per cent in the year to February. But the underlying rate of growth was somewhat *less* in the latest quarter than in the previous three months.

The figures also show that sterling acceptances—commercial bills as opposed to advances—rose by only 9 per cent, compared with *increases* of 18 and 29 per cent respectively in the previous two quarters.

The quarterly *analysis* underlines the large share of lending now undertaken by foreign banks operating in the UK. Overseas banks account for 18½ per cent of all sterling lending to UK residents and for nearly 26 per cent to manufacturing industry.

Callaghan on Budget, Page 4
Economic Viewpoint, Page 13
Table, Page 16

Lloyd's rules on U.S. market

BY JOHN MOORE

LLOYD'S OF LONDON, the UK's oldest insurance market, is to allow its 18,500 members to participate in the New York Insurance Exchange, an insurance market loosely modelled on Lloyds itself.

Lloyd's has made its announcement to *coincide with* the opening of the new exchange, which accepts its first business today

Mr. Peter Green, chairman of Lloyd's last week said he hoped that "in the months and years to come these two insurance exchanges may find many occasions to work together in friendly co-operation."

But Lloyd's will not allow any member of the market to use his Lloyd's capital to stake his *participation in the New York* Insurance Exchange. This means that the £100,000 which each member of Lloyd's usually has to show cannot be used again to support involvement in the new market.

Lloyd's also pointed out that *New York Insurance Exchange* brokers are regulated by the exchange itself and must be licensed under the insurance laws of New York State. Lloyd's brokers are regulated by the qualifying as New York Insurance Exchange brokers.

However, a number of *London* brokers with Lloyd's interests, such as Alexander Howden and Willis Faber, have already formed joint ventures with large U.S. brokers to *participate in the new* market. They have formed management groups to handle the affairs of syndicates of outside investors.

The brokers are to be allowed by Lloyd's to continue their affiliations with the new market because "in the interests of their *clients they must* be free in place business anywhere in the world." But Lloyd's syndicates, the units into which the members are grouped, will not be allowed to participate.

The new exchange differs from Lloyd's in two major respects: it *admits corporate* as well as individual members, and it limits underwriters' liability. The market has a capacity of about $150m compared with Lloyd's $4.5bn.

Gloomy forecasts for W. German economy

BY ROGER BOYES IN BONN

WEST GERMANY was presented with a bleak picture of higber prices, slower industrial growth and thinner order books, in a aeries of statistics and economic forecasts issued at the weekend.

But Bonn can take comfort from one important development — the powerful public service union, which groups over 2m workers, has agreed to settle for the relatively modest 6.3 per cent wage increase offered by tbe Government.

Additional boliday allowances and benefits for the lower-paid will effectively push the increase up to 6.6 per cent — but this *is still good news for the* Government. Earlier in the wage round; the union bad threatened a strike if the Government did not come closer to its 9 per cent demand. This would have been a damaging blow to the *ruling coalition* in ao election year.

The aettlement, coupled with IG Metall's earlier acceptance of a 6.8 per cent rise, will permit across-the-board wage risea to be kept reasonably in check this year. Bundesbank and Government officials have already indicated that average wage settlements of over 7 per cent could *seriously affect* Germany'a planned growth.

However, the news *from* other economic fronts is far *from* encouraging. According to preliminary statistics, the cost of living in Marcb rose to 5.8 per cent (year to year).

That figure reflects comparisons with an extremely low level of inflation at the beginning of 1979, but it ia none the less disturbiog. It is the first *time, for example, since October* 1975, that such a high yearly rate has been reacbed; it is also a large jump (0.6 per cent) from February this year.

The crossing of tbe 5 per cent inflation tbresbold last year seemed *extremely disturbing* to German politicians. Yet the cost of living increase now bangs perilously close to the 6 per cent mark.

The authoritative IFO institute's latest analysis of business plans and expectations is scarcely less reassuring for the Government.

Although the IFO's survey of manufacturing industries revealed a measure of confidence —confidence, for example, that basic producer prices should aoon begin to slow—all the signs are tbat production will *seriously slacken in the coming* year.

The demand for cars is *thus* expected to drop by some 10 *per cent, effectively signifying* the end of the four-year motor boom, and the textile and sboe industries will also see slower production growth. The investment climate is good, however, and this will increase demand for capital goods *and benefit* such sectors as the electronics industry.

IFO expects overall production in manufacturing industry to grow tbis year by only 2 per cent, compared with a 5 per cent increase in 1979.


Mr. Nicolae Ceausescu

Ceausescu gives wife top post

By Paul Lendvai in Vienna

President Nicolae Ceausescu's wife, Elena, on Saturday was appointed Deputy Prime Minister, further increasing the unprecedented personal power of the Ceausescu family. The 60-year-old Mrs. Ceausescu also belongs to the *key inner ruling circle, the* permanent bureau of the Political Executive Committee and also chief of the crucial Central Committee Commission for Cadres. A chemical engineer by training, Mrs. Ceausescu in June last year entered the Government as chairman of the National Council on Science and Technology.

Ceausescu's 27-year-old son, Nicu Ceausescu, also rose to his first important state position, becoming one of the six secretaries of Romania's parliament. Since 1976, Nicu has *also been a secretary* of the Communist Youth Union, and at tha last party congress he was elected an alternate Central Committee member. A brother of Mrs. Ceausescu, Mr. Gheorghe Petrescu was *re-elected by Parliament* as secretary of state in the Ministry of Machine-Building, with the rank of cabinet member.

Mr. Ion Dinca was also promoted to First Deputy *Premier, while Mr.* Gheorghe Oporcan, an economic expert, retained his position. There are now three First Deputy Premiers and nine Deputy Premiers.

Tankers to transport Statfjord oil

By Fay Gjester in Oslo

OIL FROM the Anglo-Norwegian Statfjord field will be brought ashore by tankers, not by pipeline, throughout the life of the field, the Norwegian Government confirmed on Friday. It formally approved tbis solution because of the high cost of an oil lioe, *which would* bave added $1.5bn to $3bn to Statfjord's development costa.

The Government also recommended Storting (parliamentary) approval of Britisb Petroleum's plans to develop its small Ula oil and gas field, 65 kilometres north-west of the main *Ekofisk field. The field's* recoverable reserves are estimated at 20m tonnes of oil and 2bn cubic metres of gas.

Another foreign oil company has also sought government permission to develop a small gas field in *Norway's sector*, despite earlier suggestions that development would be postponed or dropped if the Government did not cbange its plans to increase oil taxes.

White House launches attack on Mobil

BY DAVID LASCELLES IN NEW YORK

THE U.S. Administration haa accused Mobil, the second largest U.S. oil company, of violating the voluntary price guidelines, as part of its attempt to shame company into complying with its anti-inflation policy.

In a sbarp attack at the end of last week, President Jimmy Carter also publicly accused Mobil of refusing to lower its prices after overcharging by about $45m. The Government may thus now refuse to award Federal fuel contracts to Mobil.

Mobil hit back by saying Mr. Carter's charges were politically motivated, and by claiming its price rises were justified. Mobil does not pull its puncbes in political debates, and it may well let off some resounding anti-government broadsides in the days to come.

NY transport strike talks

BY OUR NEW YORK STAFF

LAST-MINUTE talks were being held here last night to avert a strike by most of New York City's bus, underground and railway workers. The union said they would walk out at midnigbt tonigbt unless the Metropolitan Transportation Authority came up with acceptable terms for a new wage contract.

Mayor Edward Kocb has issued emergency regulations to ease what are expected to be chaotic traffic conditions if the strike goes ahead. Special car pool arrangements are being made as no cars will be allowed across most of *Manhattao's* bridges and tunnels unless tbey contain at least two people.

Tbe city bas obtained a court order barring transit workers from striking.

Turkey, U.S. sign accord on bases

BY DAVID TONGUE IN WASHINGTON

A MAJOR step towards underpinning Western interests in the Mediterranean was made this weekend, wben the U.S. and Turkey signed an agreement *covering* tbe *future* of the U.S. bases in Turkey. The Defence and Economic Co-operation Agreement assures the U.S. of continued use of its military facilities, in exchange for military and economic assistance.

The agreement was signed in Ankara by Mr. James W. Spain, the U.S. Ambassador, and Mr. Hayrettin Erkmen, the Turkish Foreign Minister. It consists of a framework agreemeot and three main annexes covering defence support, security arrangements and co-operation on building up Turkey's defence industries.

The facilities include one air base at Incirlik, in aoutbern Turkey, four intelligence-gathering installations, and seven communications stations. In the *past*, these provided about a quarter of the bard intelligence the U.S. obtained on Soviet missile launches, but they were closed by Turkey in July 1975 in protest at the arms embargo imposed by the U.S. Congress after Turkey invaded Cyprus.

After the embargo was lifted, in August 1978, Turkey allowed the U.S. temporarily to use the bases pending new agreement. A Turkish Foreign Ministry statement said the installations could be used by the U.S. "only within the NATO framework." *The Americans would* have like to use the bases for operations further afield in the Middle East, a point all the more important now, given the snags it is beginning to run into about obtaining other bases whicb could be used in this way.

But Turkey, worried about its relations with Iran and the Arab *states, has long insisted* on limiting U.S. rights in this area. U.S. *officials* in Washington say they are prepared to restart negotiations with Greece for a parallel agreement to cover the future of U.S. bases in Greece.

However, the Greeks insist that first the problems of their reintegration into the military wing of the North Atlantic Treaty Organisation must be solved — and *underline* how developments in Yugoslavia and the *rise* of the oppositinn to the Atlantic alliance in Greece make early resolution of this problem important.

The Greeks suggest the alliance could insist on Turkey accepting Greece's reintegration before the various problems in the Aegean have been solved. They *claim* that alliance members have the rigbt to veto only new members.


Mr. Hayrettin Erkmen, Turkey's *Foreign* Minister

Turkish aid package expected by mid-April

BY OUR BONN STAFF

WEST GERMANY believes that the $1.1bn multinational rescue package being prepared for Turkey will be finalised by the middle of April, despite disagreement about the aid among members of the Organisation for Economic Co-operation and Development.

The OECD failed to clinch the aid programme in a meeting in Paris last week, but Herr Hans Matthoefer, the German Finance Minister, *said yesterday* tbat he was confident that agreement could be reached by the next meeting on Turkey on April 15. At that meating, it is boped, Japan and Canada will be among other countries able to make pledges, bringing the total package to more than last year's $906m.

Herr Matthoefer, speaking shortly after his return from Ankara, *also indicated that* Bonn may be prepared to pay more than the U.S. towards the aid package—a departure from Germany's previous position that Washington and Bonn abould make equal allocations. The U.S., he *said*, had agreed to pay $296m. The German *contribution* "*would be at* about the U.S. level, though it may be a little higher," he added.

The German Government has stressed that Turkey must be helped because of its strategic importance to NATO and the West, but it has repeatedly made clear that it does not want to be viewed as the world or European leader *on the aid* package.

SEC head called to testify on silver crisis

BY DAVID LASCELLES IN NEW YORK

SENIOR OFFICIALS from a number of U.S. regulatory agencies have been called to testify before Congressional bearings which open today into last week's crisis *in* the silvar markets.

They include Mr. Harold Williams, cbairman of the Securities and Exchange Commission and Mr. James Stone, chairman of tha Commodity Futures Trading Commission. The hearings are being held by an agricultural sub-committee with jurisdiction over the CFTC.

Several regulatory agencies are *also expected* to conduct their own inveatigations to discover how and why panic could bave swept through the markets the way it did and whether the brokerage bouses involved handled the crisis properly.

Mr. Williams commented over the weekend that today will probably be too early to provide the bearings with a full analysis of what happened. But be was quoted as saying: "We've got a job to do to sort out what happened, why *it* happened and what is in the scope of regulatory agencies *to do something* about it."

But though the crisis appears to be over, with the markets returning to normal, a number of questions still have to be answered about the financial arrangements made by the Hunts, the wealthy Texas oil family *whose enormous* losses on the silver markets triggered the crisis.

Iran reiterates idea of regional talks

BY SIMON HENDERSON IN TEHRAN

IRAN HAS countered Soviet denials of an agreement in principle for talks on Afghanistan by relterating its claim that Moscow accepts that the problem sbould be solved among the countries of the region.

Last week TASS, the Soviet news agency, accused Iran of misrepresenting Moscow's position when Mr. Sadeq Qotbzadeh, the Foreign Minister, had envisaged talks between the Soviet Union, Afghaoistan, Afghan *rebels*, Pakistan *and* possibly China.

But an Iranian Foreign Ministry statement at the weekend repeated that both Moscow and Tehran believed the issue should be solved peacefully and considered as a *regional* problem. It also went on to say that any logical and practical solution would naad the full agreement of the *Afghan* rebels.

This would clearly be unacceptable to Moscow. But reports quoting Western diplomats have suggested that the Soviet Union might want regional talks after it consolidated its position in *Afghanistan*.

Tbe new Iranian statement leaves it unclear wbether Iran is seeking talks or trying to support the Afghan rebels. In the past little material help has been given to rebels who have *sought sanctuary* in Iran.

Mr. Qotbzadeh's style of diplomacy bas come in for some criticism in the Persian press in tbe past few days. Two sacked senior aides sbarply attacked him for not keeping his own ministry informed, conducting serioua international talks by telephone and *not* keeping notes of what he said.

Teargas at Shah protest

BY DAVID LENNON

POLICE FIRED teargas at studeots in *Asyut* in Upper Egypt on Friday wben they *demonstrated* against the presenca in the country of the *deposed Sbah of Iran*.

This was the second protest hy *Egyptian students* in tbe past week against President Anwar Sadat's invitation to the former Iranian ruler. On Tuesday, hundreds of students at Cairo University also demonstrated against the Sbah. Local *observers* did not *expect* the unrest to spread.

In Asyut, a numher of *students* were *injured after* thay tried to carry their protest out of the campus into the surrounding streets.

Dr. Michael Debakey, the U.S. heart surgeon wbo headed a team which operated on the Sbah on Friday, *aaid* that following the removal of the Shah's enlarged spleen tbe patient was "very satisfactory."

The doctor added that he "abould be able to lead a perfectly normal life . . . he can play *tennis* and *things* like that."

Currency coupons to be issued in China

BY TONY WALKER IN PEKING

FOREIGNERS visiting China, or resident there, will be issued with currency coupons from April 1, as part of China'a attempt to stamp out currency black marketeering.

The coupons will have to be used at Chinese sbops and botels set up exclusively for foreigners.

In the past, Chinese currency could be nsed, but this also allowed local Chinese to buy goods from these shops, contrary to regulations.

A common practice in Peking is for Chinese to ask foreigners to buy *luxuries for them* at a store resarved for the foreign *community*.

In January, Chinese authorities announced they were cracking down on currency violations.

They said this was to protect the value of the Renminbi (the People's Currency). In the southern city of Canton, for example, *Chinese currency* was being traded well balow face value by local residents anxious to secure foreign exchange. This money would then be used to buy luxuries from such places as Hong Kong.

The new regulations will not prevent foreigners using Chinese money at sbops not reserved for foreigners.

Coupons will also have to be used in China for buying rail and air tickets.

The measures are similar to those introduced by the Czechoslovak authoritias to curb rampant black marketeering in the Czechoslovak currency in the early 1970s.

According to the State Council —*the Chinese Cabinet*—foreign exchange certificates will be *valid for specific purposes* only in China.

They will be issued to travellers on their arrival and will be in denominations ranging from Fen 10 (about 2p) to Yuan 100 (£29).

Short-term visitors will be able to cash the foreign exchange certificates when they leave China.

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Europe fibre producers to revise 'dumping' charge

BY GILES MERRITT IN BRUSSELS

THE European Commission has instructed the Community's 11 major man-made fibre groups to revise the dumping complaint lodged with Brussels against U.S. polyester filament yarn producers, and formally re-present their dossier before mid-April.

Once the complaint has been revised and strengthened with more evidence, the Brussels Commission is to accelerate its anti-dumping investigations. The Paris-based CIRFS organisation, which groups the Community's fibre giants and which prepared the complaint, has made it plain that temporary duties to curb low-cost polyester imports will be sought once the anti-dumping procedure is under way.

The European fibre producers have emphasised to the Commission that they decided to urge Community measures against the U.S. because cheaper U.S. fibres in Community markets in 1980 will cause them to lose over £125m on polyester filament yarns alone.

The price advantage which U.S. producers gain from low-cost oil and gas feedstock is this year expected to help them to raise their share of the Community market to 15 per cent, from 10 per cent in 1979. 23 S/84 FCS 3 DUMP — 3

The moves to curb U.S. man-made fibre exports now has the support of most Community member Governments, according to CIRFS, even though the special protection measures which the UK imposed in February were then contested by some Community partners. A fortnight ago the European Commission confirmed that it is conducting another anti-dumping investigation into U.S. liquid nitrogen fertilisers after strong French and West German protests.

The gathering momentum of the Commission's anti-dumping proceedings against U.S. industry coincides, however, with fresh efforts by Brussels to defuse a trans-Atlantic "trade war." The Commission is concerned at the disruption of Community steel sales to the U.S. which could result from the anti-dumping suits now lodged by U.S. Steel, but it is equally anxious to resist pressure in the Community for protectionist counter-measures.

Ohira plans May visit to Mexico to boost oil supply

BY WILLIAM CHISLETT IN MEXICO CITY

JAPAN'S Prime Minister, Masayoshi Ohira, will visit Mexico at the beginning of May to discuss buying Mexican crude and increasing Japanese investment in Mexico.

The visit has not yet been officially announced, but according to Mexican officials Mr Ohira will arrive on May 1 for a three-day visit. His visit has been expected ever since the Mexican president, Sr. Jose Lopez Portillo, visited Japan in 1978 and invited his counterpart to come to Mexico.

Japan is anxious to secure a firm commitment for more oil exports from Mexico. At present Japan stands to receive a maximum of 100,000 b/d of Mexican crude by the end of the year, and the first shipment could well coincide with Mr Ohira's visit.

Japan wants to increase the annual shipment to 300,000 barrels. But Mexico is adopting a tough attitude to increasing its oil exports to Japan and is effectively linking increased sales to a Japanese commitment to step up investment in Mexico, particularly in the key areas of steel, port development, and railway modernisation.

There have been suggestions that new direct Japanese investment in Mexico could be as high as $1bn over the next three years. Last year new Japanese investment amounted to $180m bringing Japan's total cumulative investment to $362.2m

Mr Ohira's visit will attempt to work out what the investment-oil equation should be. Earlier this month Mexico announced a 10 per cent increase in its production which could release more oil for export.

According to the Mexican Foreign Trade Institute Japan's exports to Mexico last year totalled $790.2m and its imports from Mexico were $283.5m, giving Japan a $506.7m trade surplus.

Mr Toshiwo Doko, president of Keidanren, Japan's employers federation, arrives in Mexico this week to prepare for Mr Ohira's visit. Mr Doko will meet the Mexican President and Ministers.

● The U.S. had agreed to raise the price it pays for Mexican natural gas by $4.5 cents to $4.47 per thousand cubic feet, Reuter adds.

Mexico has been supplying the U.S. with 300m cubic feet per day of natural gas since earlier this year. The two countries agreed on a price of $3.62 per thousand cubic feet last September after two years of negotiations.

Mexican Foreign Minister Jorge Castaneda said the new price was very favourable for Mexico adding that it is the same as that paid by the U.S. for Canadian gas.

Australia row blocks GATT appointment

By Brij Khindaria in Geneva

A ROW between the Common Market and Australia is blocking appointment of a successor to Mr. Olivier Long, Director-General of the increasingly influential General Agreement on Tariffs and Trade (GATT). Mr. Long leaves GATT on May 5 after 12 years on the job.

The Common Market wants the job to go to Mr. Arthur Dunkel, currently Swiss Ambassador to GATT, but Australia, supported by South-East Asian countries and Israel is backing Mr. Patrick Donovan, currently an Australian Ambassador in Paris.

The dispute arose in GATT's council on Friday because the Community fears that Mr. Donovan will use GATT to attack its protectionist Common Agricultural Policy. Australia is convinced that Mr. Dunkel will be the Community's surrogate in GATT.

Negotiations have become politically charged because as the world's trade watchdog, GATT must oversee application in the 1980s of the far-reaching Tokyo Round trade agreement that came into force this year.

To avoid displeasing the Community, most developing countries, which dominate numerically the 84-nation general agreement, offered luke-warm backing to Mr. Dunkel although his candidature was announced only four weeks ago.

In return for this support, some Third World diplomats expect the Community to make concessions in separate ongoing negotiations for a new Tokyo Round accord, limiting safeguard measures used by industrialised countries to cut imports from developing countries.

But several important developing countries may drop their support for Mr. Dunkel if GATT's council cannot choose him by consensus when it meets here again on Wednesday for the third time in 12 days.

Switzerland may also be forced to withdraw Mr. Dunkel's candidature to avoid an embarrassing tussle with Australia since it is the host country and a Swiss has already led GATT for more than a decade.

The final decision will be taken by GATT's contracting parties—the full membership—when they meet in extraordinary session in Geneva on April 28. To avoid the unprecedented step of choosing by vote, the contracting parties might ask Mr. Long to continue for a few more years.

Israelis win damages from Allied Chemical

By David Lennon in Tel Aviv

ALLIED CHEMICAL of the U.S. has agreed to pay $8.5m compensation to Israel Chemicals (ICL) because of the failure of a phosphoric acid plant for which the American company supplied the know-how.

Mr. Eliyahu Teomim, ICL managing director, explained that the plant built at Arad in the Negev during the late 1960s and early 1970s "never really worked." The Arad plant, based on hydrochloric acid acidulation of local rock, was planned to produce 166,000 tons of phosphoric acid annually. But when it began operations in the early 1970s the output was too low.

When it became clear that the project was not viable $67m damages was filed in October, 1975, against Allied Chemical which supplied the know-how, reactor and management for the joint project. The claim went to arbitration, and agreement was finally reached last week.

The Arad reactors were closed down in 1977, and a new plant is currently being built to produce phosphoric acid using older, proven methods.

China to use woolmark label

THE INTERNATIONAL Wool Secretariats (IWS) has signed a general agreement with the Chinese Government under which selected Chinese mills will be authorised to use the woolmark.

Under the agreement, China will progressively increase its imports of raw wool from Australia and New Zealand. Net domestic consumption is also guaranteed to grow progressively in the agreement which is designed to lead to an overall increase in global wool demand.

Nuclear tenders

South Korea's state-run Korea Electric Co. (KECO) said it will invite tenders in May or June for the construction of two nuclear power stations, Reuter reports from Seoul.

KECO said it expects the two 900 megawatt plants to cost a total of $2.3bn, with completion in 1987 and 1988.

U.S. TRADE POLICY

Third World import list expanded

WASHINGTON — President Jimmy Carter has approved a long list of changes in the U.S. duty-free treatment for imports from developing nations.

U.S. trade policy officials said the changes, effective yesterday, will add about 50 import items to the thousands of products already eligible for special tariff preferences, while seven types of imports will be taken off the duty-free list.

The changes, covering 30 pages of technical listings, result from the regular annual U.S. review of its system of Generalised Tariff Preferences (GTP) for imports from developing nations in Latin America, Asia and Africa. The 1974 Trade Act specifies that when a single developing nation becomes the supplier of more than 50 per cent of the duty-free imports of a specific item, the import will be removed from the duty-free list for shipments from that country.

There is another "competitive needs" test in the U.S. law: if any developing country is likely to supply the U.S. with a specific import valued at more than $41.9m in 1980, the supplier country loses the special U.S. tariff preference for that product. Other developing countries, shipping smaller quantities of the same product to the U.S., continue to get the duty-free treatment for that product, the U.S. officials noted.

Among the imports from developing countries added to the U.S. duty-free list for 1980 were silk scarves and mufflers, hand-made lace, fresh cut flowers (except roses), some pesticides, certain types of tempered glass, surgical gloves and upright pianos.

Hong Kong, Taiwan, South Korea, Mexico and other countries, as part of the U.S. review, lost eligibility to ship various products to the U.S. this year on a duty-free basis, while retaining the duty-free status for lower-volume exports.

For example, automobile engines from Mexico will not be eligible for duty-free treatment.

Some unusual items show up on the revised list. Taiwan, for example, has managed to find a substantial U.S. market for yachts, valued at more than $15,000 each, and has been permitted to export these vessels on a duty-free basis.

Altogether, about 140 developing countries and territories are eligible for the U.S. tariff preferences, which began in January, 1976. The U.S. system of tariff preferences is to expire on January 4, 1985.
AP-DJ

Iran to review Soviet contracts

BY SIMON HENDERSON IN TEHRAN

IRAN AND the Soviet Union are to review contracts on a number of industrial projects signed before the revolution because Iran does not consider the deals to be in its full interests.

The announcement, made at the weekend by Mr. Ezzatollah Sahabi, the head of Iran's Plan and Budget Organisation, follows two weeks on the breakdown in talks on gas exports to the Soviet Union, considered the major part of the two countries' economic relations.

There were no details of what form the review would take and whether all projects would come under scrutiny. Three projects reported to be included are a 1,400-MW power station at Ahwaz, an 800-MW power station at Isfahan and an industrial-complex.

Earlier Soviet economic assistance, directly connected to the start of gas exports to the southern Soviet republics beginning 10 years ago, included a steel mill in Isfahan and a machine tool factory in Arak.

The circumstances of any review would be complicated. The gas talks broke down because Moscow was not prepared to pay the five-fold increase on pre-revolutionary prices that Iran demanded. But the Soviet Union and its Eastern European allies have maintained assistance and trade with Iran since the U.S. embassy hostage crisis began, enabling the country to switch supplies while Western trade has stagnated.

Politically though, the threat of the Soviet Union following the invasion of Afghanistan is now more recognised, and has begun to overshadow economic ties.

● Iran's oil exports have recovered in the last few days following a drop to below 700,000 b/d, apparently with the need to meet contracts for the second quarter starting April 1. Total production, including that offshore, is running at about 2.5m b/d, with exports from the main terminal on Kharg Island reported from official but unpublished figures at about 1.2m b/d. Some new customers are said to be in Tehran but so far it is difficult to assess the impact of last week's $2 price increase.

SHIPPING REPORT

Dry cargo market tone firm

By William Hall, Shipping Correspondent

THE UNDERLYING tone in the dry cargo markets remains very firm and the coal trades in particular stand out both because of the level of activity and the historically high freight rates.

Galbraith Wrightson reports that freight rates for coal on a typical route, such as America's Hampton Roads to Japan, have risen from just under $20 per ton to $22.50 per ton over the past week or so.

To put these rates in perspective, the average freight rate on this route was $16.05 per ton last year and in the period 1976-78 it was of the order of $7-$8.40 per ton.

In the iron ore trades, charterers appear to be shipping only the minimum needed to maintain their stock levels because of the relatively high freight rates. A 160,000-ton cargo was fixed from Tubarao in Brazil to Taranto in Italy, at $7.80 per ton and a 100,000 ton cargo was shipped from Canada's Port Cartier to Holland at $7.35 per ton.

In the period time charter market, Denholm Coates reports that the Chinese are seriously looking for two-year commitments at rates of around $8,500 per day—an increase of $1,000 per day on the prevailing rates of just over a fortnight ago.

The Russians remain active in the Atlantic and Australian markets, and with the re-opening of the Great Lakes, rates for the smaller vessels which can negotiate these inland waterways, are expected to improve.

Mobil in New Zealand synthetic petrol project

BY DAI HAYWARD IN WELLINGTON

MOBIL of the U.S. and the New Zealand Government have agreed to set up a NZ$500m (£217m) synthetic petrol plant, claimed to be the first of its kind.

The plant, with a capability of producing 530,000 tonnes of synethic petrol (gasoline), a year will begin production in 1985. This will provide one-third of New Zealand's present liquid fuel requirements and Mobil will take up 25 per cent of the shares in the project.

The new synthetic petrol plant will be based on the use of New Zealand's natural gas. As a first step natural gas will be converted to methanol, then using a zeolite catalyst developed by Mobil, the methanol will be converted to petrol by removing the water and rearranging the hydrocarbons to form gasoline.

This will provide a high quality petrol with a clear octane number of 93 and a motor octane number of 83.

The project will provide 44 tons of hydrocarbons from every 100 tons of methanol.

A joint committee of four representatives of Mobil and four from the Government have been given the task of defining the final details of the size and technical requirements of the project.

World Economic Indicators

TRADE STATISTICS

			Feb. '80	Jan. '80	Dec. '79	Feb. '79
France	Frs. bn.	Exports	39.272	38.101	39.009	32.837
		Imports	43.538	42.729	39.936	32.846
		Balance	−4.266	−4.628	−0.927	−0.009
UK	£bn	Exports	4.133	3.879	3.773	2.324
		Imports	4.359	4.200	4.025	3.175
		Balance	−0.226	−0.321	−0.252	−0.851
U.S.	$bn	Exports	17.200	17.300	16.792	13.507
		Imports	22.800	22.100	19.870	15.720
		Balance	−5.600	−4.800	−3.078	−2.212
			Jan. '80	Dec. '79	Nov. '79	Jan. '79
Japan	$bn	Exports	6.860	10.675	8.385	5.973
		Imports	9.241	9.944	9.587	6.858
		Balance	−2.381	+0.731	−1.202	−0.885
W. Germany	DM bn.	Exports	27.970	26.515	28.700	23.103
		Imports	27.628	25.729	27.200	21.053
		Balance	+0.342	+0.786	+1.500	+2.050
Holland	Fls. bn.	Exports	12.696	10.774	12.123	9.587
		Imports	12.530	12.370	12.755	9.479
		Balance	+0.166	−1.596	−0.632	+0.108
			Dec. '79	Nov. '79	Oct. '79	Dec. '78
Italy	Lire bn.	Exports	7,187	5,223	5,758	6,711
		Imports	8,905	6,681	5,748	7,271
		Balance	−1,718	−1,458	+10	−560
			Oct. '79	Sept. '79	Aug. '79	Oct. '78
Belgium	Frs. bn.	Exports	172.3	135.0	120.3	136.09
		Imports	167.6	133.1	142.4	134.48
		Balance	+4.7	+1.9	−22.1	+1.61

UK NEWS

Spending cuts come under close scrutiny

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE COMPOSITION of the public spending cuts and the economic assumptions behind the Government's medium-term financial strategy are likely to be closely scrutinised later this week by an all-party committee of MPs.

In its first major economic inquiry, the Treasury and Civil Service Committee is due to question senior Treasury officials on Wednesday as a prelude to a public session in a fortnight's time with Sir Geoffrey Howe, the Chancellor of the Exchequer.

The inquiry is being regarded as a significant indicator of how the committee intends to deal with the Treasury—illustrating both the breadth and depth of its interest and the extent to which it will press for information.

The special advisers to the committee are: Dr. Alan Budd, of the London Business School; Mr. Terry Ward, Department of Applied Economics at Cambridge; Dr. Paul Neild, of stockbrokers Phillips and Drew; and Mr. John Kay, Institute for Fiscal Studies. They have been preparing memoranda on the Budget and on the public spending White Paper.

The advisers have widely differing views on economic policy. Mr. Ward has been the most critical about the Government's approach, while Dr. Budd has been one of the main advocates of the type of medium-term financial strategy now adopted.

Since the Budget Phillips and Drew has already warned in a special report that the "reduction of inflation through sole reliance on monetary policy will be a long and arduous process, and will impose heavy costs on the economy in terms of lost output and increased unemployment."

The Budget will also face a further test in the City financial markets following the neutral response last week.

The main monetary and fiscal features of the Budget were as expected and, given the uncertainty about when Minimum Lending Rate will decline, gilt-edged prices have fallen slightly.

There has been something of a cat-and-mouse game between the authorities and the market over the price at which the two existing tap stocks will be sold. There is no immediate pressure to sell stock, though the Government is likely to want to see the funding programmes underway again as soon as Easter is over. Subsequently, a resolution of the current impasse is likely during the next 10 days.

Reserves may show sharp rise

BY DAVID MARSH

BRITAIN'S GOLD and foreign exchange reserve figures for the end of March, which will be published on Wednesday, are expected to show a sharp rise as a result of the annual revaluation of gold holdings.

The steep climb of the bullion price over the past year is likely to produce an increase of about $5.5bn in the value of the 713 tonnes of gold in the official reserves.

This is based on the formula introduced a year ago under which UK gold holdings are revalued at the end of each March at 75 per cent of the average price during the previous three months.

During the volatile period on the bullion market since the end of last year, the average gold price has been roughly $640 per ounce, giving a valuation price of around $480. This compares with $179 when the valuation was carried out at the end of March, 1979.

The March reserve figures will also give an indication of the extent of Bank of England activity in the foreign exchange markets during sterling's fall against the dollar recently.

Sterling has remained firm *against* leading Continental currencies, and Bank intervention has been comparatively small.

Chairmen's group has new head

By John Lloyd

SIR WILLIAM BARLOW, Post Office chairman, takes over as chairman of the Nationalised Industries' Chairmen's Group tomorrow. He has been chairmen-elect for the past year.

He succeeds Sir Francis Tombs, Electricity Council chairman. Sir Derek Ezra, chairman of the National Coal Board, is chairman-elect.

These three will form the group's advisory committee for 1980-81. Sir Peter Parker, who completes his year as past chairman, retired from the committee.

The group secretariat is to be expanded. Mr. James Driscoll, who was group director as well as corporate strategy advisor to the British Steel Corporation, becomes full-time director, with a staff doubled to two.

Major isues facing the group include discussions with the Government on state industries, future financial framework, the return of parts of the industries to the private sector, and wage policy.

The group has expressed concern about the tight cash limits for some industries. The White Paper on expenditure plans, published last week, relaxed these limits in some cases.

Returning businesses to the private sector affects individual industries rather than the group as a whole. But it is likely to come up at discussions with Ministers if there is to be widespread selling of assets

The chairmen are concerned that the high level of many pay settlements will *fuel inflationary* expectations for the 1980/81 wage round.

Callaghan says the Budget condemns British industry

BY PHILIP RAWSTORNE

THE GOVERNMENT's Budget policies would condemn British industry to three years of stagnation and growing unemployment, Mr. James Callaghan said yesterday.

The prospect was of further industrial decline when what was needed to solve the country's basic problems was more competitive aggression and efficiency in industry, he said.

Mr. Callaghan called for measures to stimulate the economy—and outlined an alternative strategy including some form of incomes and prices policy, more industrial democracy, and selective import controls.

Mr. Callaghan's ideas will be discussed at a meeting today of the Labour Party-TUC liaison committee which is expected to concert and intensify opposition to the Government's economic programme.

They will also compose the main thrust of Labour's attack in the last two days of the Commons Budget debate.

The Labour leader — interviewed on ITV's Weekend World programme — said that the Government's dogmatic adherence to monetarism was not going to cure the long-standing industrial problems.

The Government could increase its borrowing requirement by £2bn and spend more on large-scale public projects that would give a stimulus to the construction industry.

Indirect taxes could be reduced, with a consequent impact on the Retail Price Index and the level of wage claims.

"This need not involve any increase in income tax," Mr. Callaghan claimed. However, the Labour leader said that Britain's economic recovery should be pursued through an industrial rather than a financial approach.

An incomes policy could help to relieve the "excessive burdens" imposed by the use of monetary policies alone, Mr. Callaghan said.

"But we've got to convert the trade unions back to some kind of prices and incomes approach," he said. "I have started the process already."

An incomes policy could only work if it were part of an overall strategy, Mr. Callaghan said.

Industrial democracy would be a vital element. It would involve workers much more with decision making in industry, enable them to relate their own earnings and wage increases to the levels of investment and profitability.

Mr. Callaghan criticised the negative attitude of the Confederation of British Industry towards worker participation.

He rejected blanket import controls but said they should be used selectively wherever unrestricted imports were a serious threat to the country's manufacturing industry.

Labour opens Scottish campaign

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE LABOUR PARTY today launches its campaign for the Scottish local government elections on May 1 with a briefing document for candidates which advises them to make full use of the Government's unpopularity.

Mr. James Allison, Labour's Scottish organiser, says he is *confident* the party can win back the 131 seats it lost in 1977. It then lost control of several important district councils, including Glasgow, Aberdeen and Dundee. He also expects a further 20 gains, with no losses.

The elections, for the second tier district authorities, will be the first test of political opinion since the general election. Labour had a 26 per cent lead over the Tories in the last opinion poll conducted by System Three for the Glasgow Herald in January, and the Scottish National Party continues to trail in third place.

The district councils are important because they control the vital area of housing policy, where the main burden of public expenditure cuts will fall.

About 1,120 seats are to be contested, although as much as a third are in rural areas and will not be fought on party political lines.

Mr. Allison tells candidates that Labour councils, when they are elected, will use every means within the law to protect people from the "vicious cuts in public expenditure being imposed by this callous Tory Government."

Tankers dispute settled

By Our Belfast Correspondent

TWO SUPER tankers which were built by Harland and Wolff in Belfast at a cost of £58m have been accepted by their U.S.-based owners after a two-year dispute.

The vessels, both of 333,000 tonnes, are the largest ever to be built in a British shipyard, but have been lying idle at Loch Striven in Scotland since arbitration proceedings were started in 1978.

The Coastal Corporation of Texas said agreement had been *reached* between two of its UK affiliates and Harland and Wolff to end the arbitration.

It said the two companies, Woodstock Shipping and Pomona Shipping, would take delivery of the vessels, which would be recommissioned before going on their maiden voyages.

The dispute began in February 1978 when Coastal alleged that the first ship was not completed in accordance with the contract and specifications. Six months later it turned down the second tanker on the same grounds.

Neither party has revealed the financial arrangements involved in the agreement. About £54m of the building costs had been paid to Harland and Wolff in stage payments when the dispute began, leaving only £4m outstanding.

● The Rev. Ian Paisley's powerful Democratic Unionist Party said yesterday it was convinced Mrs. Thatcher had ruled out Dublin involvement in any plan for Northern Ireland devolution.

BL reduces Marina prices by 10%

By John Griffiths

THE PRICE of BL's principal fleet sales car, the Marina, is being reduced by 10 per cent

The reduction, which follows price-cutting successes on other models, notably the Maxi, sales of which have more than doubled as a result of the campaign, will last for two months.

It should help to lower the current substantial stocks of Marinas, and will bring BL close to the launch of its substantially revised Marina model in the summer.

BL's price-cutting and its intensive promotional campaigns since January have lifted the company's market share from just over 15 per cent in January to about 23 per cent over the past month.

Councils encouraged to sell premises

BY ROBIN PAULEY

THE GOVERNMENT is encouraging local authorities in Scotland to sell their business premises to the private sector.

Mr. Alex Fletcher, Scottish Industry Minister, said in a BBC television interview that there was no reason why local authorities should not sell their industrial assets to the private sector.

"If that is what the business community wants there is no impediment that I know of to prevent it happening today. We encourage the disposal of public assets. It is very much Government policy."

Any move to force local authorities in Scotland to sell their industrial assets would meet stiff opposition from Labour-controlled councils. Particularly because of suggestions that the government might allow sales at below market prices.

Opposition to the move in Scotland is being led by Provost Tom Clarke, chairman of the Convention of Scottish Local Authorities.

Workers on average earnings 'will be slightly worse off'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

WORKERS RECEIVING average earnings will be slightly worse of because of the Budget, according to calculations published this morning by the independent Institute for Fiscal Studies.

The institute's estimates take into account the effect of the rise in national insurance rates and contributions in April, and the impact of indirect and direct *tax changes*. The net effect is on average equivalent to a reduction of 0.3 per cent in gross earnings.

Mr. John Kay, the institute's director of research, points out that the important result of the Budget is to alter the future relationship of the retail prices index with the official tax and price index and the institute's gross earnings deflator (both of which show the rise in gross pay needed to maintain the same real purchasing power).

In 1979-80, the tax and price index and the gross earnings deflator showed lower annual rates of increase than the retail prices index. This was because *the real burden of direct taxation* was lower than in the previous financial year.

In 1980-81, however, the real burden of direct taxation will be higher than it was in 1979-80. Hence the gross earnings deflator will tend to show annual increases in excess of the increase in the retail prices index.

Mr. Kay said that after some peculiar figures from April to June the tax and price index will also show greater increases than the retail prices index.

In 1979-80, trades unions were generally critical of the notion of adjusting the retail prices index for direct taxes. They may see less reason to be critical *in 1980-81*.

In a further batch of post-Budget City comment several stockbrokers discuss the expected impact of the decline in public-sector borrowing on the amount of debt which will have to be sold outside the banking sector.

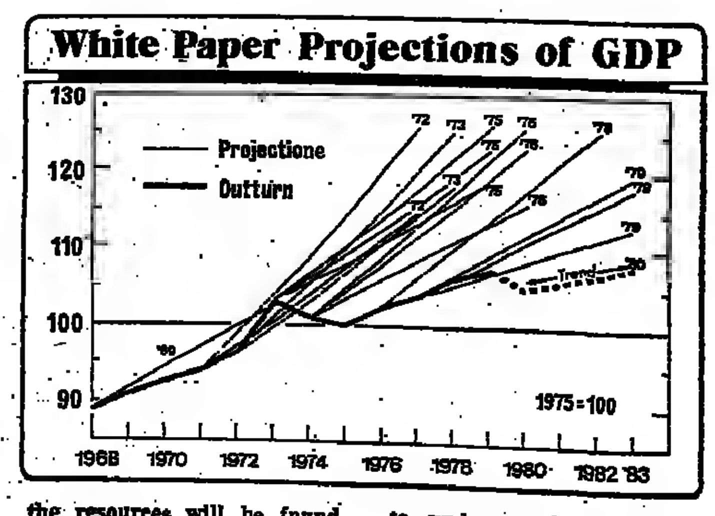
Medium-term financial projections in contrast

THE ATTACHED "porcupine" chart has been produced by the Treasury with the intention of showing "the marked bias towards optimism" about the medium-term economic prospects in previous public spending White Papers.

This is contrasted with the "greater realism" of the assumptions in the new medium-term financial strategy.

The chart compares projections or assumptions about real Gross Domestic Product with the latest Central Statistical Office estimates of what actually happened.

The Treasury comments that "the most striking feature of the chart is the marked bias towards optimism. Admittedly, those White Papers which gave a range for GDP growth often stated explicitly that the highest case was considered optimistic, depending upon some hoped-for improvement in economic performance. But actual performance has more often than not fallen below even the lower end of each range."



The commentary argues that it is the "falsely reassuring belief that somehow the resources will be found to permit an uninterrupted expansion of public expenditure that this Government challenges. In planning public expenditure it is better to be prudent and make a deliberately cautious assumption on the growth of future resources."

It is maintained that the chart "provides a strong argument in favour of greater realism in future medium-supports the case for planning low. It is surely better term projections, and also to under-promise but over-achieve rather than the reverse, as has so often been the case in the past."

"Viewed in this light the relatively low GDP growth assumed in the medium term financial strategy (an average of 1 per cent between 1980 and 1983, the same as the average over 1973-79) is certainly not an admission of failure. The Government hopes that the economy will be capable *of growing faster* than this. But the growth cannot be counted on until it is achieved."

Engineers face big drop in foreign fees

BY MICHAEL CASSELL

ONE OF Britain's largest sources of invisible overseas earnings is in jeopardy, according to the Association of Consulting Engineers.

Last year, the assocation's members were involved in overseas projects with a capital value of about £36bn. Actual earnings figures are not yet available, but they are thought to have exceeded the 1978 contribution of £375m towards the country's invisible exports.

The profession is becoming increasingly concerned, however, that its ability to maintain its recent record of uninterrupted growth in overseas earnings is being threatened by the steady erosion of a domestic workload which forms the base for its international operations.

The association says the progressive and severe reduction in UK work for consulting engineers has pushed up overseas work to between 80 and 90 per cent of total business.

But foreign markets are also becoming increasingly more difficult, with the decline of activity in the Middle East, the strengthening of sterling and the growing use of locally based consultants.

The consultants say the problem of securing work in the depressed UK market is being heightened by the growing penetration of in-house engineers in the public sector.

According to the association, the involvament of public sector engineers in what has traditionally been private sector territory is reducing the already limited amount of work available. As a result, private practices are contracting and fewer trainees are being taken on. Applications from graduates are also beginning to fall.

Calling for a reduction in the number of consultants employed in the public sector and moves to secure a reasonable proportion of Government work for private sector engineers, the association says that in 1977 the Government agreed there was a need for a more even distribution of work, but there has been little sign of any move in that direction.

Major-General P. J. M. Pellereau, secretary of the association believes immediate Government action is needed.

Government scheme 'will cause building delays'

GOVERNMENT PROPOSALS to introduce fees for building inspections and the approval of plans will cause building delays, increase bureaucracy and should be abandoned, according to the House-Builders Federation, writes Michael Cassell.

An order to implement the proposals is due to take effect tomorrow but it can be delayed for another four weeks or dropped altogether during that period.

In a last-minute effort to change the Government's mind, the federation says it has evidence that local authorities intend to recruit extra staff to administer the new fee system.

Mr. Ronald King, federation president, said yesterday that the plan was a nightmarish scheme that would create enormous delays and disputes between house builders and local authorities. He also said it would increase local authority staffing levels.

The federation is attacking the formula for calculating fees which, it claims, will result in builders' estimates of payments due being cross-checked by council departments. The builders say they know of 30 local authorities who will recruit staff to carry out the work or retain people who would not otherwise have been required.

Ancient monument HQ 'was corrupt'

BY LISA WOOD

THE Environment Department has "tightened its financial control system" after a three-year police investigation into its ancient monument division's East Anglian headquarters.

The investigation resulted in a civil servant and four contractors being convicted of corruption and theft last week. In all eight people, including three civil servants, have been convicted at trials which started last November.

At Norwich Crown Court, Judge Frederick Beezley said: "I am abundantly satisfied that, with perhaps a few exceptions, the Department of the Environment's ancient monuments division, centred at Audley End, Essex, was corrupt not only in its senior staff, but probably lower still."

The defendants had used public funds as a "bottomless trough" from which they could feed at public expense as they chose. He hoped that there would be an inquiry to allay public fears.

The inquiry began with an anonymous letter to the late Mr. Anthony Crosland, then Environment Secretary.

It resulted in an internal Department investigation which was, said Mr. William Howard, QC, for the Crown, "a complete whitewash."

The police inquiry began when the Director of Public Prosecutions asked the Chief Constable of Essex to investigate the complaints about "irregularities."

The police submitted a report to the DPP, alleging offences ranging from corruption to forgery against 42 possible defendants, including Directorate employees of senior rank and contractors. A large number of the 42 were subsequently told charges against them had been dropped.

Detective Chief Inspector John Papple, of Essex police, who led the inquiry, said at the weekend he would soon be having a conference with the DPP about the case. New prosecutions might follow but not against those people who had been the subject of dropped charges.

DAVID CHURCHILL ON THE CHALLENGE TO PROTECTIVE LEGISLATION

Consumer groups come under attack

THE UNCERTAINTY surrounding the future development of the UK consumer movement was brought sharply into focus yesterday by Mrs. Sally Oppenheim, Minister for Consumer Affairs, in a tough speech to the National Consumer Congress meeting in Sheffield.

Mrs. Oppenheim criticised the political motivation of the State financed National Consumer Council and acknowledged that business had often, in recent years, been burdened by the growth of "trivial, trendy and meddlesome" consumer protection laws.

But she refused to give wholehearted support to recent criticism by industry of the financial cost of complying with consumer protection laws. One recent study suggested that these costs were in excess of £200m a year.

Mrs. Oppenheim stressed that "In the end it is the consumer's ability to wield choice and stimulate competition, which is the deciding influence that really matters."

Yet what did emerge from the consumer congress over the weekend is that the consumer movement is at a crucial crossroads in its development.

Following the heady successes of the 1970s, when a legislative framework for consumer protection was built and the consumer voice was represented in the inner circles of Government for the first time, the consumer movement has now come under a strenuous and unprecedented attack.

One of the first acts of the new Conservative Government last year was to remove the consumers' direct representation within the Cabinet, thus effectively downgrading the consumer cause first espoused by the last Conservative Government when, in 1973, Sir Geoffrey Howe was made the first Minister for Consumer Affairs.

Coinciding with the change of government, a group of companies decided last year that the time was ripe to make their grievances heard.

Headed by such well-respected companies as Marks and Spencer and Unilever and with the backing of the CBI, this group commissioned the Economist Intelligence Unit to quantify the cost of consumer protection legislation in the UK.

The unit's report suggested that the cost of protecting the consumer was in the order of £200m or more.

Ironically, this report did more than anything else to give some cohesion to the disparate consumer movement — unity achieved through outraged condemnation of the unit's findings. But responding to such criticisms is unlikely to provide the consumer movement with a new philosophy for the 1980s.

The movement is, in fact, split between the defence of existing hard-won legislative protection and the desire for new laws covering such areas as manufacturers' liability for defective products.

At the same time the movement has to decide whether the future lies with grass roots action or reliance on Government agencies such as the Office of Fair Trading to improve business competition.

But in spite of the public bitterness between business and consumer groups, in private there is a greater understanding of the need for an effective consumer voice in the economy.

The National Consumer Council, in a policy document published to coincide with this weekend's congress, points out that legislative measures to strengthen consumers' power, such as more accurate information and improved ability to get redress if exploited or deceived, does not have consumer protection as its first aim.

Instead, the council points out that the purpose of such consumer laws is primarily to improve the efficiency of the economic system.

"In markets where consumer influence is weak, structural inefficiencies may result which make providers of goods and services highly vulnerable to competition from outside the market," it says.

And the council adds that "the absence of the pressure of effective consumer choice serves to restrict economic growth: firms in dominant market positions may up consumer spending power which would provide the base for new businesses meeting more diverse consumer needs."

Although there is some measure of agreement in the economic philosophy of a strong consumer voice—it dovetails neatly with the present Government's desire for a strong competition policy—there is still a divergence of views over how it should be achieved.

Mrs. Oppenheim made clear yesterday that the present Government would continue to "provide the necessary legislative framework of protection as part of an on-going process."

But she stressed that consumers should be more self-reliant. The Government did not want to create "a climate of consumerism founded in the concept of a hand-holding, lecturing, intervening 'nanny knows best' State maternalism."

Mrs. Oppenheim has suggested two ways of extending the rights of consumers without burdening business with extra legislation.

One would be to introduce a third system of law—a middle system half way between the civil and criminal law. This would endeavour to be tough enough to dissuade the rogue trader but not so oppressive as to cause problems for the honest but ill-informed small trader.

The second suggestion would be to strengthen the voluntary code of practice set up to regulate traders' behaviour.

However, these codes have proved far from effective in the past and the rogue trader who exists outside the code's voluntary scope remains a difficulty.

The debate over the means of consumer protection is likely to be never ending in the 1980s, even if there emerges some general agreement on the aims of consumers and companies.

However, the most radical changes in the coming decade are likely to be felt in increased consumer representation in the nationalised industries.

"The general record of the nationalised industries and public services in providing consumers with information and easy means of redress is not good: it is an urgent task to improve their performance," argues the council.

FT GROCERY PRICES INDEX

Sharp rise in canned products

BY GARETH GRIFFITHS

A SHARP rise in the price of canned goods, fresh fruit and vegetables pushed the Financial Times Grocery Price Index up by 1.86 per cent in March.

The March index now stands at 124.18 and the monthly increase is the highest recorded this year. The main factor was a 5.9 per cent increase in the cost of the fresh fruit and vegetables section. This was caused mainly by the seasonal weather. The section rose to a total of £257.95.

Canned goods increased in price by 3.3 per cent. It is not clear to what extent this was due to the shortage of tins caused by the steel dispute and whether demand has been stepped up. Food manufacturers do not think shortages will occur until well into April and there have been few signs of panic buying.

The Financial Times Grocery Prices Index gives an indication of the trend in prices rather than acting as an absolute indicator of price levels. The index is based on data collected by 25 shoppers who monitor a list of 100 grocery items in the same shops. These range from superstores to village grocers throughout the UK.

Meat, dairy produce, and dry groceries remained fairly stable. The large increase in dairy prices in February has evened out. The price of milk is an average 16½p a pint and indications suggest a short-term fall in consumption. Dairy products form the largest single cost in the basket, although this influence is diluted in the overall weighting of the index.

Butter prices are expected to remain stable next month because of delays in the agreement on this year's Common Agricultural Policy price rises for dairy products. The 5 per cent devaluation of the EEC green pound last summer added about 1 per cent to the cost of food.

The non foods section of the basket, including detergents and cleaning materials fell in value this month. The decline of 0.3 per cent contrasts sharply with the rise in February of 3.6 per cent. The FT shoppers recorded a wide range of price fluctuations on the non-food section.

The fierce competition in the supermarkets over pricing is likely to continue over the next two years according to a forecast by stockbrokers Hoare-Govett this month. The implications are continuing low margins in the supermarkets and a reduction in the number of food manufacturers. Brands are also expected to be reduced in number.

	March £	February £
Dairy produce	620.08	615.22
Sugar, tea, coffee, soft drinks	195.48	191.58
Bread, flour and cereals	280.86	279.61
Preserves and dry groceries	99.27	98.74
Sauces and pickles	47.68	47.29
Canned goods	182.30	176.55
Frozen foods	220.37	215.64
Meat, bacon, etc. (fresh)	511.94	507.42
Fruit and vegetables	257.95	243.65
Non-foods	223.64	224.38
Total	2,639.57	2,600.08

Index for March: 124.18

1979: January 108.54; February 108.65; March 109.12; April 110.88; May 113.59; June 116.02; July 114.79; August 114.16; September 114.17; October 114.95; November 116.36; December 118.74.

1980: January 120.47; February 122.32; March 124.18.

Recognition repeal 'will mean more Grunwicks'

BY ALAN PIKE, LABOUR CORRESPONDENT

REPEALING THE statutory recognition provisions of the Employment Protection Act would remove the teeth from the Advisory, Conciliation and Arbitration Service's efforts to develop collective bargaining, Mr. John Lyons, general secretary of the Engineers and Managers Association said yesterday.

The Government's proposal displayed the "central hypocrisy" of its Employment Bill as a whole, said Mr. Lyons in his union's journal Electrical Power Engineer.

The chief argument for the Bill's other provisions was that introducing legal back-up powers would improve industrial relations and reduce disruption. But by proposing to repeal the Act's recognition provisions, the Government was moving in the opposite direction.

"If trade unions hava no statutory means of securing a reasonable bearing for a recognition claim, then where they cao they will resort once again to industrial action to achieve recognition.

"There will be more Grunwicks. Hence in this area the Government is removing legal powers and is content that there should be more industrial strife, not less, in consequence. It is a fatal contradiction."

Uniona for white collar aod professional staff, said Mr. Lyons, would be particularly hampered. Such employees were reluctant to use industrial muscle to further recognition claims—"an attitude of mind on which too many employers rely in denying basic negotiating rights to their own staffa."

The Bill would strengthen private industry employers in resisting claima from professional and allied staffs.

Reviewing the Employment Bill against the total background, it was impossible to believe its main purpose was to improve industrial relations. "Its main purpose is to weaken trade unions. I believe the TUC is right to oppose it."

The annual conference of the union's Electrical Power Engineers Association opens in Llandudno today. Among the debates will be one on the politically non-aligned association's relationship with the TUC.

Some branches will urge that, while it is right the professional engineers' union should continue to maintain non-party political principles, it should seek ways of playing a greater, more positive role in the union movement.

'Spend education cash on schools'

BRITAIN'S SECOND largest teacher union has told the Government that it has a duty to make sure the money it gives to local authorities for education is spent on schools.

The 120,000-strong National Association of Schoolmasters/Union of Women Teachers says today it accepts that the Government has a part to play in deciding the nature and quality of school lessons.

However, it says the Government must not shirk its responsibility to ensure resources made available for education are spent on meeting educational needs.

The union makes the point strongly in its first response to the Government's recent discussion document outlining the need for a set of basic subjects—a core curriculum—to be taught in all schools.

Mr. Fred Smithies, the union's assistant general secretary says: "We hear from the Government that the rate support grant arrangementa allow for certain levels of spending on education, only to suffer the provocation of having local authorities telling us that they do not propose to keep those levels when they fix their local budgets."

The union warns that extensive discussions will be needed before any big changes in the curriculum can be agreed.

It says the curriculum needs of post-16 year olds as well as five-to-16 year olds should also be discussed. Education for leisure has also been ignored, saya the union.

Tory Bill 'will weaken women's rights'

BRITISH WOMEN will be at the bottom of the European league for maternity rights, when Government changes to the Employment Bill become law, according to a Low Pay Unit analysis published today.

The changes will seriously weaken rights for working married women, it says, and research associate Jennifer Hurstfield declares: "Working women in Britain already enjoy maternity rights inferior to those of other EEC countries.

"Any weakening of married women's employment opportunities will affect directly the living standards of all families, but particularly those on low incomes."

Women workers' pay has slipped in relation to men's since 1976, aays the unit's current bulletin.

They earn on average less than two-thirds the pay of men, and represent threequarters of full-time low-paid workers, in spite of the Equal Pay and Sex Discrimination Act. By 1979, women earned only 62 per cent of the average for men.

Researcher Emma MacLennan says women are concentrated in the lowest-paying industries and jobs—70 per cent work in services and distribution, clothing and textiles.

The Sex Discrimination Act has had limited success, with 60 per cent of cases being dismissed before reaching a tribunal. Of the rest, only a fifth are successful.

The bulletin says that the employee most likely to be low paid in Britain in the 1980s "is a female manual worker in our schools and hospitals," who lives in the "South-West or Yorkshire and Humberside."

New bid to resolve port dispute

TALKS BETWEEN management and unioos are expected to be resumed in Liverpool today in a further bid to end the 11-day-old official strike by 8,000 Mersey dockers and waterfront ancillary workers over the loading of a ateel cargo.

The strike has sealed off the Port of Liverpool with 25 ships locked in the docks and at least 20 diverted from the river, some to the Continent.

After six hours of talks on Friday between the Liverpool Port Employers' Association and the docks section of the Transport and General Workers' Union, the management offered a five-point plan which they described as hopeful.

The talks were then adjourned to enable the district docks onion committee to coosider the package.

But after a three-hour meeting on Saturday, it was rejected over one point, the handling of the disputed steel cargo. The dockers aaid they would continue to obey the national instruction that export and import steel cargoes should be blacked.

The adjourned talks are expected to resume, but there seems little likelihood of any return to work before the Easter holiday.

If a settlement is reached the ancillary workers, including the tugmen, might agree to move the strike-bound vessels.

The national docks delegate conference will discuss the strike in London tomorrow, and on Wednesday the Mersey dockers will hold another mass meeting.

NUJ executive backs protest

THE EXECUTIVE of the National Union of Journalists is to call on NUJ members to give strong support to the TUC's day of action, in protest against the Government's policies, on May 14.

Under the union's rules the executive cannot, without a ballot of the membership, issue an instruction to withdraw labour on the day.

MARTIN DICKSON REPORTS ON MINING IN SOUTH WALES

Air of gloom over the valleys

AN AIR of gloom bred from fear of pit closures hangs over the mining valleys of Glamorgan and Gwent as the National Coal Board's South Wales area ends its financial year today, showing another huge loss.

"The morale of miners has never been lower," says Mr. Emlyn Williams, area president of the National Union of Mineworkers. "The position as we see it is as bleak as it could possible be."

There is an elemeot of hyperbole about his remarks, but not much. It was only last December that Mr. Philip Weekes, the Coal Board's area director, was issuing similar warninga designed to set alarm bells ringing in Whitehall.

Mr. Weekes said increased coking coal imports and British Steel production cutbacks could threaten up to 20 of the 36 Welsh pits and at least 15,000 of 27,000 jobs.

Since then here has been an agreement over import levels. But the future is far from rosy—ironically when the medium- and long-term outlook for Britain's coal industry is brighter than for more than 20 years.

Nothiog points up the problems more starkly than the financial outturn. In the 1978/1979 year South Wales deep mines made a loss before regional grants of £18.9m.

This year's figure, yet to be published, is much larger, putting a question mark over the future of the heaviest loss-makers.

The losses are attributable in part to the problems of winning coal in this old, well-worked and geologically difficult field, which suffered seriously from lack of investment in the 1960s and early 1970s.

Unexpected faulting can, overnight, turn a profitable pit into a loss-maker. The coal seam can suddenly dip hundreds of feet, putting paid to a face which will have taken months and £1m or more to equip.

South Wales coal faces have lives of six to nine months, compared with 18 or more elsewhere in Britain.

These problems are offset to some extent by the high market value of much of the coal produced—more than 3m tonnes of coking coal, nearly 2m tonnes of anthracite, and more than 3m tonnes of cheaper power atation coal.

But these quality coals must be washed free of impurities, which may account for 40 per cent of the material mined.

The past year has also seen a collapse of the market for South Wales coking coals, in which 18 to 20 pits depend in whole or part. Behind this lies the problems of British Steel, by far the largest customer.

A year ago the Coal Board believed it had a market for 3.2m tonnes at British Steel's Llanwern and Port Talbot works. But increased imports and British Steel's plans to cut South Wales production by half have left it with a market for 1.25m tonnes.

It could have been worse. In December the possibility of more cheap imports threatened to reduce the coking coal market to nothing.

But two factors have given the area a breathing space:

First, Coal Board headquarters in London agreed to subsidise British Steel's coking coal purchases by £22m this year, provided it did not raise further its import levels.

Second, higher demand from the Central Electricity Generating Board enabled the Coal Board to switch an extra 0.75m tonnes of dual-purpose coal from the coking to the steam market.

That still means the Coal Board will be putting half-a-million tonnes of coking coal to stock in the coming year. Its stocks of all coal are already 4.75m tonnes, more than half a year's deep-mined output.

The agreement with British Steel runs only to the end of year, while the Generating Board's future demand is uncertain. So is the fate of a loss-making smokeless fuel plant at Aberaman, which uses 1m tonnes of coal a year.

The future of some pits must be in jeopardy. Just how many is unclear. Mr. Williams says the Coal Board has a list of ten mines it would like to shut.

This is denied by Mr. Weekes, who says he will fight against the closure of any pit because of a loss of market.

But he says it is hard ta fight for mines which are "arterial bleeders, which don't have a hope of doing anything other than losing a great deal of money."

Whatever closure plans emerge, they seem certain to be strongly fought by the National Union of Mineworkers, which opposes the shutting of any pit containing what it considers are workable reserves.

The prolonged Coal Board Mineworkers battle over closure of the area's Deep Duffryn pit may be just a preliminary skirmish.

But the gloom is not total. About £104m has been invested in South Wales collieries since 1974 and some revamped mines are showing a good profit. There is also the new showpiece drift mine at Betws.

The Coal Board had hoped to offset gradual closures with new job opportunities at the pits, returning the area to profit by the mid-1980s. But that required time and a solid market, both of which seem to have disappeared.

Builders weathering steel strike

BY ANDREW TAYLOR

THE STEEL strike, which began on January 2, has had little immediate impact on UK construction work. But types of steel used in major building projects are in short supply.

The Federation of Civil Engineering Contractors, monitoring the strike's impact on a weekly basis, said that only a handful of projects have been affected by steel shortages and that in only one or two cases had all work been halted.

The building industry, as distinct from civil engineers, also reported few difficulties arising from steel shortages.

Delays, however, are being built into some projects. This problem is unlikely to be resolved even if the dispute is settled soon. It could be several months, once the strike ends, before the British Steel Corporation can return to full production and replenish stocks.

The return to work by the private steel sector has eased supply problems, particularly for reinforced-steels where sufficient stocks for between six to 10 weeks' construction work are estimated.

However, there have been shortages of steel sheet-piling, used in foundation work and for protection, and this is where most problems have emerged. The BSC is by far the largest supplier of steel sheet-piling for construction.

Even where work involving steel sheet-piling has been halted or disrupted, construction companies have been able to do other work.

In fact, the level of UK construction during the first quarter of this year, can be expected to have been higher than during the first quarter of 1979, when building activity was seriously disrupted, largely by a severe winter but also by the transport drivers' strike.

Structural steel used by both civil engineers and builders on major construction projects has also been in short supply. But there were indications that employers, as in other industries, had sought alternative supplies overseas.

Welsh fears exaggerated, says Minister

MR. NICHOLAS EDWARDS, the Secretary of State for Wales, accused Government critics at the weekend of deliberately painting a false picture of Wales becoming an "industrial desert" with the rundown of the steel industry.

Speaking in Llandrindod Wells, Powys, at the annual conference of the National Chamber of Trade, Mr. Edwards said over 18,000 jobs were already in the pipeline in government advance factories and government-assisted enterprises, as well as jobs being created by dozens of private companies.

CONTRACTS AND TENDERS

BOND DRAWINGS

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSES

Drying thick timber

PROMISING TO dry timber in faster time than that taken by conventional kilns is a range of specialised vacuum driers available in the UK through Cubbage - Bollmann, Harrem House, Ogilvie Road, High Wycombe, Bucks (0494 23661).

Called the Bollmann HTV-30 range, it uses a combination of applied vacuum and accurately controlled temperature, and may form part of a completely automated processing plant.

Timber to be dried before working is stacked in a special chamber, with hot water heating panels interleaved between layers. Chamber is then sealed and connected to a vacuum pump while the heating panels gently warm the wood.

Water vapour drawn off from the timber is passed as steam over special condensing surfaces and condensed to form water which is drained off from the chamber without any interruption to the operation. The process results in even shorter drying times, says the company, since condensation may be removed continuously, and, in some cases, 20 per cent of the times required for conventional kiln drying has been obtained.

The cycle required for heating, evacuation, cooling and water extraction, is controlled by a specially developed control system.

There are three models in the range: HTV 30-1 is 6 metres (or 8 metres) long, with a diameter of 1.6 metres; the HTV30-11 is 6 metres long with a diameter of 2.2 metres.

Main unit in the vacuum set consists of a sealed chamber with vacuum pump operating under the control of a vacuum switch. A heating boiler fired by gas or oil is used, coupled to a simple pumped and pressurised water system for providing warm water to the heating panels in the vacuum chamber.

Alternative system would be to use a steam to water calorifier instead of a boiler, taking the heat required from an existing steam heating system.

Plates in the vacuum drier which condense the moisture from the timber (in the form of steam at the lowered ambient pressure) are connected to a second pumped pressurised system. The temperature of this circuit is maintained by a fan-assisted cooling unit.

The company says that the vacuum process for drying timber has proved remarkably successful with such species as oak which has a long drying cycle in conventional kilns.

Its best performance is to be found drying thick timbers from 40 per cent moisture content downwards — although thinner timbers with higher levels of moisture content have been successfully dried. It is also capable of drying "green" timber fresh from the saw.

Dust is carried away

A SPINDLE routing machine table, provided with dust extraction facilities and suited to machining operations on wood, plastics, man-made boards and asbestos, is available from Trend Machinery and Cutting Tools, Unit N, Penfold Works, Imperial Way, Watford, Herts WD2 4YY (0923 49911).

The table will take an Elu 1½ hp router motor, mounted in an inverted position on the underside of the table with the spindle protruding through a hole in the working surface. The fully-adjustable side fence mounted on the machine table is efficiently vented at the point where dust is created during profiling, rebating and edge grooving operations.

When used in conjunction with a 75 cfm dust extraction system, 98 per cent of dust particles are removed. This not only gives safe working conditions for the operator, but also increases the working life of the routing machine motor and cutters.

Trend Machinery and Cutting Tools, Unit N, Penfold Works, Imperial Way, Watford. 0923 49911.

● INSTRUMENTS

Detection of gases

NEWLY APPOINTED sole distributors for the U.S.-made Interscan gas detection equipment is Sabre Gas Detection of Aldershot.

Equipments available will range from personal dosimeters to fixed detection systems and the gases that can be dealt with include carbon monoxide, sulphur dioxide, hydrogen sulphide, nitrogen dioxide, nitric oxide and chlorine.

Throughout the range of instruments electrochemical transducers are used to provide accuracies of 2 per cent.

The portable units are powered by internal rechargeable batteries to give continuous operation for eight hours but can also be operated from the mains.

More from the company at Ash Road, Aldershot, Hants GU12 4DD 0252 316611).

● METALWORKING

Checks work position

BOTH THE position and amount of travel of the work in a machine tool can be measured and displayed using a Bausch and Lomb Unit called Acu-rite II available from TI Lawrence Machinery.

A photosensitive reading head slides along a glass scale on which chromium lines are inscribed, counting pulses to or from any desired position with the exact position displayed in light emitting diode characters.

A choice of these minear measuring scales together with push button entry, memory and zero pre-set allow machining to be performed directly from drawings without the need to calculate each step.

The company claims the unit makes machine tools easier to operate and will also extend their life by compensating for errors caused by leadscrew backlash and other moving components liable to wear.

Measurements can be changed from inches to millimetres by a switch and the unit can be set to compensate for machine tool error.

More from the company at Welsh Harp, Edgware Road, London NW2 (01-452 0033).

Feeds power presses

A POWER press feed developed by Lerche Machine Tools (Aurora Holdings) has been designed to handle the thickest and heaviest materials available in coil form dealing in widths up to 600 mm thicknesses up to 6 mm and feeding lengths up to 600 mm.

It has been called the Hydrafeed and is a self-contained hydraulically powered unit consisting of a press feed with a pull through type straightener mounted on a table assembly. Driven by a 10 hp motor, the integral power pack has a working pressure of 1200 psi.

The unit itself feeds automatically from a coil thus eliminating the need for an operator to hand feed straight lengths of strips.

Compared with other types of press equipment, says the company, the "Hydrafeed" offers a saving on factory space because no loop is required between the decoiler and the feed. The company is located in Nest Road, Gateshead, Tyne and Wear (0632 695211).

● WELDING

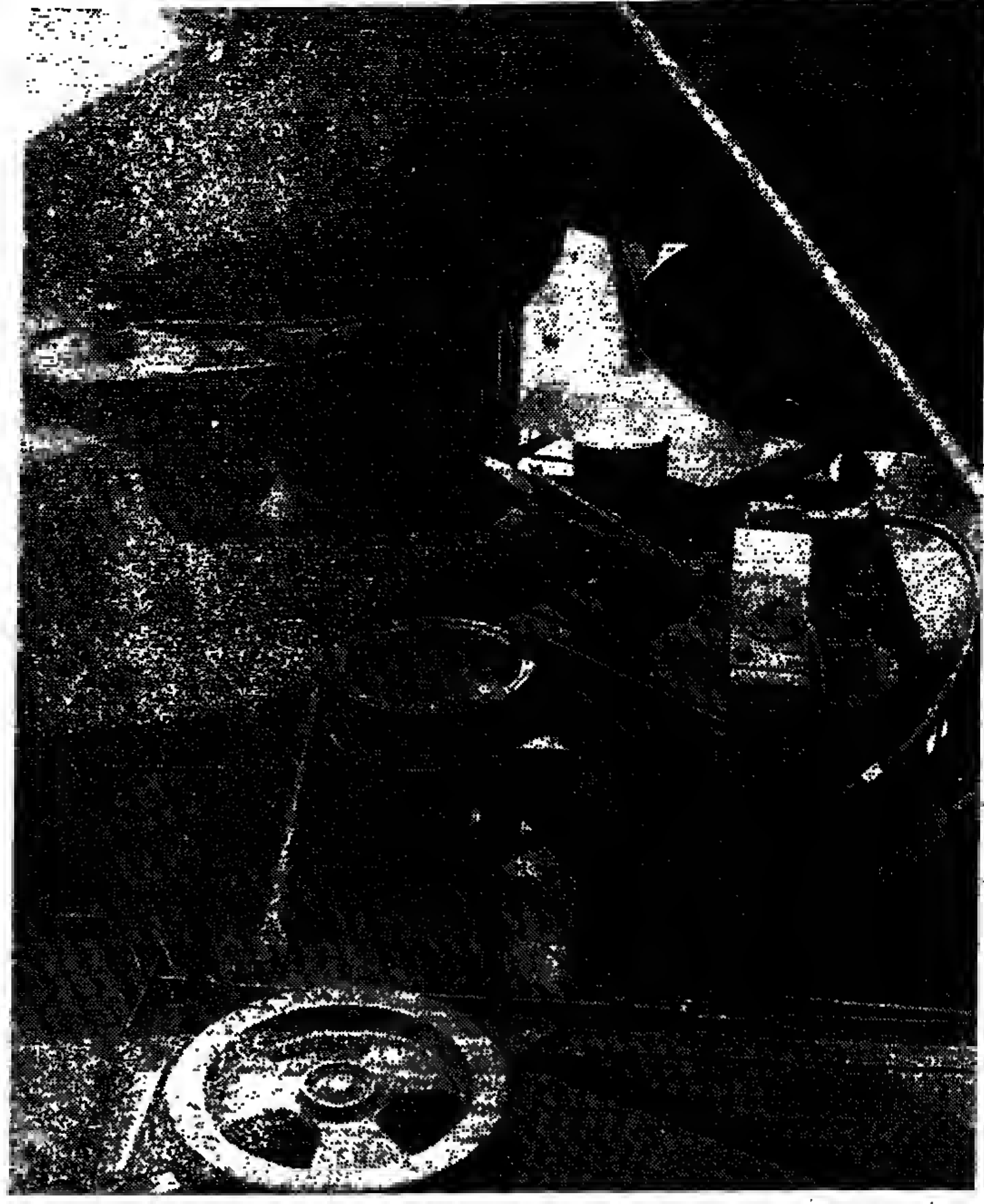
For rough conditions

MOBILE DIESEL engine-driven welding units designated Arcmaker NOMAD II, have been introduced by the Lincoln Division of GKN Lincoln Electric, of Welwyn Garden City, Herts.

The units are designed for use in the rugged conditions normally encountered on sites such as oil refineries, chemical plants, offshore drilling rigs, production platforms and pipeline projects.

The NOMAD II 400 and NOMAD II 500 provide 400 and 500 amperes respectively with an open circuit voltage range of 50-90 volts and auxiliary power for power tools of 1 Kw, 110v dc is available from the standard NOMAD II. This enables a unit being employed in pipeline welding, for example, to provide auxiliary power for tools such as a grinder and wire brush for weld cleaning and pipe dressing.

When auxiliary power is required an alternator can be fitted as an optional extra providing 2½ KVA, 110v or 220v ac.



Three Fahr combine harvesters Models M900/922/1002 currently marketed in the UK are now fitted with high performance Optibelt Kraftbands which are designed to replace several separate conventional V-Belts with a single driving element. It is stated that there is hardly any need to re-adjust belt tensioning mechanisms and uneven belt wear problems experienced in the past have been completely remedied. The possibility of one or other of the belts either turning on to its back or even slipping off the drive pulleys to displace the other belts no longer exists, it is added. The Kraftbands fitted to the three Fahr combine harvesters transmit the 1,512 rpm drive from the engine countershaft directly to the straw stripper drum, which runs at 860 rpm. Belt tensioning is controlled with a hand lever operated by the driver from his seat which enables him to engage or disengage the threshing mechanism.

● DATA PROCESSING

New Univac systems announced

SPERRY UNIVAC, the computer products division of Sperry Corporation, has announced two new entry-level multiprocessor systems in its 1100/60 family of computers.

The new multiprocessors, the 1100/62-E1 and the 1100/62-E2, complement the earlier models of the 1100/60 introduced in June 1979.

Univac said the 1100/60 models were the first large scale general purpose computers to implement large scale integration technology with a multiple microprocessor based architecture.

The design, it said, was cheaper and reduced the size of the processor, main storage and input/output hardware with consequent savings in power and environmental requirements.

The new 1100/62-E1 and 1100/62-E2 models are designed for users who need an uninterrupted data processing service which multiprocessor configurations provide.

Univac said both models embody the "tightly-coupled" multiprocessing technique which gives both processors equal status and they share the workload under a single copy of the 1100 operating system.

Advantages of the technique are that the full two processor power is available for real-time applications and there is no need to transfer real-time applications across systems if either system is interrupted.

Customer deliveries of the new models will begin in six months.

LISA WOOD

Advanced disc drives

THE INDIANA-BASED Ball Corporation has introduced new Winchester disc drives into Europe able to store either 90 or 158 bytes of data, the BFM 90 or 160.

Head-discs assembly in these units is a sealed module. It consists of rigid deckplate, spindle, carriage/way assembly and a servo head, all protected from external contamination. Four head arrangements are used, some working on one surface and others on two (above and below, working in the interplatter space). Track following information is recorded on the bottom surface of the lower platter and this is followed by a servo head.

All the necessary electronics is accommodated on five printed circuit cards.

More from Ball Technical Products Group UK, 20 Oxford Road, Newbury, Berks. (0635 30770).

● TRANSPORT

Experiment with a bus

BRITISH AIRWAYS has completed a one-week evaluation of a Leyland DAB articulated bus at London's Heathrow Airport, as part of investigations into improving passenger transfer between aircraft and airport terminals.

The bus is 17.35 metres long and can carry up to 160 passengers.

Thanks to the design of the trailer coupling, located beneath the concertina section between the towing vehicle and trailer, the articulated bus is able to thread its way through the busy airport aprons with ease similar to that of a standard single-decker.

● SECURITY

Avoiding the bullet

REVEALED BY Racal is a radar set which is able to detect a passing bullet within six metres and give warning to the occupents of a vehicle to which it is fitted.

Developed by Racal-MESL of Linlithgow the equipment uses X-band emissions to detect the bullet, after which a signal is sent via the vehicle's normal radio set to a central point where it is detected to reveal which of several similarly fitted cars, vans and so on is under attack. Local audible signals are also sounded to alert escort vehicles.

Apparently the need for the equipment has arisen mainly in towns where, because of the high noise level the fact that a first badly aimed shot has been fired can often be missed.

● MINING

Drill turns with ease

TORQUE TENSION supplier of hydraulic drilling equipment to the National Coal Board for underground mining, has introduced into its product range the "Bison Twin" a high performance hydraulic drilling system for the mining industry.

This new twin boom machine is ideal for all drilling applications particularly in hard rock and can be used for drilling side walls, roof and floors as well as conventional face drilling. Its compactness means that it can be employed in mines with smaller tunnels whilst at the same time having the ability to tackle the largest tunnel profile. As with other Torque Tension drilling equipment, the boom configuration can be adapted to suit individual requirements.

The unit may be used with a choice of rotary or, for hard rock application, percussive rock drills. The hydraulic system is at least three times more efficient than the more conventional pneumatic systems, thus effecting considerable energy and productivity savings, the developer says.

The company, which turned over £5.6m in 1979, is penetrating overseas markets.

The machine can negotiate a 90 degree bend in a roadway measuring 14 x 10 feet (4270 x 3050mm). It has a large air-blast cooler that maintains constant temperature for the machinery, whatever the mine's ambient level.

Length with booms is 8.4 metres and basic length 4.25, with overall width at 1.5 metres.

Torque Tension (Charter Consolidated), operates from Claylands Avenue, Worksop, Notts S81 7BC. Worksop 86221.

IN BRIEF

● Circuit continuity testing using voltage of only 15 V DC and 2 mA maximum short-circuit current can be performed with the Waller CT, a compact unit which emits an audio tone when continuity is established. Welwyn Tool, Stonehills House, Welwyn Garden City, Hertfordshire (Welwyn 29121).

● A versatile combination of time and frequency measuring facilities is provided by the model 5001. It can operate up to 10 MHz as a counter but can also perform period and multiple-period averaging, time averaging, frequency ratio measurement and unit or event counting. Continental Specialties Corporation, Shire Hill Industrial Estate, Saffron Walden, Essex CB11 3AQ (0799 21682).

● Jenway has a new digital thermometer intended for integration into panel-mounted control or monitoring systems. It employs platinum resistance sensors, and a purpose-designed MOS chip is used. More from the company at Gransmore Green, Felsted, Dunmow, Essex 0371 820122).

Building and Civil Engineering

Wimpey wins over £16m contracts

PROJECTS IN Oxfordshire, Tyne and Wear, Leicester, Nottingham, Scotland and North America, are worth more than £16m to Wimpey Construction.

Included in these jobs is an £8.9m deal between BL Cars and the construction company for a new paint plant within an existing three-storey paint shop at Cowley, Oxon. This will include associated conveyors and ancillary buildings.

The work here comprises demolition of an existing paint plant and the completion of the existing steel skeleton core block to provide toilets and amenities and lifts.

Three conveyor bridge routes will link the various buildings and trade effluent plant substations. Process water and sprinkler water storage tanks will be provided. Work is underway and should be completed in February next year.

Another contract, valued at about £2.6m, is for the construction of a factory and offices has been awarded by Baker Perkins Holdings for Rose Forgrove. Work includes asbestos cement roof, main drainage, hardstandings and sundry external works.

Three projects worth more than £2.2m are for housing modernisation in Leicester and Nottingham. Largest is worth more than £1m and is for the first and second phases of the Edwards Lane scheme by Nottingham City Council. This involves modernisation and repair of 122 homes all of which will remain occupied during work operations.

Two other similar contracts are together worth over £1m and are for Leicester City Council. Improvements and modernisation to homes include new bathroom and kitchen equipment, new plumbing and wiring throughout, central heating and decoration. There are 54 homes at Surrey Street and 180 homes on the Braunstone Estate, to be completed in November 1980 and March 1981 respectively.

In Scotland, two contracts together valued at about £1.3m include construction of 57 homes on the Claremont Nursery site, Killwinning, Strathclyde. Wimpey no-fines method will be used for 55 homes and two houses will be in traditional brickwork. Included in the work are site servicing, drainage, and all attendant architectural site works.

The other contract is for the Harris Queensway Group at Baillieston, Glasgow, for the design and construction of a steel-framed single storey warehouse with internal office and toilet accommodation.

George Wimpey Canada has won two contracts jointly valued at £1.4m. First of these is with Woodbine Downs for site servicing on a private estate at Etobicoke, Ontario, at a value of about £800,000. The other is for site preparation on a development at Kendall, Miami, Florida, worth about £600,000, for the Dade division of the Avida Corporation. Both projects have been won in competition—the former for completion in August 1980, and the other in March 1981.

Town hall extension by John Laing

WORK WILL start soon on a five-storey extension to Luton Town Hall under a contract worth about £2m awarded to John Laing by the Borough of Luton.

The building extension at Gordon Street will provide further office space for Town Hall departments to replace a small building used by the Borough Valuer's department, and in particular to provide new accommodation for various departments at present in rented premises whose leases will shortly expire.

A basement car park for a small number of vehicles will also be provided beneath the new block.

Construction will be of reinforced concrete frame with brick cladding on piled foundations. A steel-framed mansard roof will be clad in copper. Extension will contain two lifts, suspended ceilings, demountable partitions and an economical heat-recovery heating and ventilation system.

The company also announces three new contracts together worth about £920,000 for modernisation of 128 flats and 20 houses for Manchester City Council.

British Gas installation

PIPELINE AND mechanical services division of Cementation Construction (part of Trafalgar House group) has been awarded a £3m installation contract for the British Gas Corporation at Bishop Auckland.

Project involves the company in the civil and mechanical work plus the erection of steel-framed buildings and associated electrical and mechanical services.

Starting next month, the contract is due for completion in 15 months.

Fairweather wins £4m in North and London

NATIONAL CONSTRUCTION division of the Wood Hall Building Group, H. Fairweather and Co., has announced four contracts in the north west, and one in London, totalling £4m.

Warrington Development Corporation has placed a £1.2m contract for the construction of 80 flats at Birchwood, Warrington; a job worth £1.0m is for the extension and alteration of St. Helens' automatic telephone exchange; improvements to warehouse for James Robertson and Sons (PM) of Droylsden is worth £625,000; and a further £272,000 is for warehouse and offices at Crewe Gate Farm Industrial Estate, Crewe.

In London, the £825,000 contract is for industrial buildings and office accommodation at Ruby Street, Southwark, for Redlake Industrial Securities.

Office and town hall work

THE TRY Construction Group of Uxbridge has been awarded building contracts worth about £1.8m by Conder of Winchester in connection with its Kingworthy Building System which has been selected for the new Glaxo Offices at Greenford (£856,701) and a major new extension to Slough Town Hall on the Bath Road (contract worth nearly £1m).

Further work, worth over £480,000 is for the redevelopment of offices at Conduit Street, London, W1, for Equity and Law Life Assurance.

IN BRIEF

● Royal Borough of Kensington and Chelsea has awarded a housing contract worth about £1m to John Mowlem to build 42 houses, flats and maisonettes at Berington Road, Westbourne Park, West London.

● Study on the Far East Construction Market is now available from Industrial Market Research, 17 Buckingham Gate, London, SW1 (01-834 7814). Areas covered include Thailand, Malaysia, Singapore, Indonesia, Hong Kong and the Philippines.

● Wiltshiers is to undertake the conversion of four five-storey dwellings in Earls Court Square, London SW5, to 32 flats for Central and Provincial Housing Trust under a £¾m project. Its Design and Build team has secured the second phase of a factory extension project for L and P Plastics at Margate.

● Two contracts for coast protection work, valued together at £½m, have been awarded to Mears Contractors by the Aberconway Borough Council.

● Hammond and Champness has received a £200,000 order for supplying lifts at Edward Woods Estate for the London Borough of Hammersmith.

● Property Services Agency has appointed G. H. Buckle and Partners, London consulting engineers, for the electrical and mechanical services design for a new Admiralty interview board building and wardroom modernisation at HMS Sultan, Gosport.

● Contract for precision covering of four areas of one of the two 32-inch diameter Frigg to St. Fergus gas pipelines will be carried out by Westminster Seaway on behalf of Westminster Dredging Company for the pipeline operator Total Oil Marine.

● J. and J. Fee has recently commenced work on four contracts (value £1.75m) for warehouse units and a factory extension.

Fairclough kept busy

A MANAGEMENT contract for an £11m factory development for BXL Plastics at Bromborough, Wirral has been awarded to Fairclough.

Under the contract, the company will be responsible for the design, procurement and project management of the 10-acre development which will initially produce 20,000 tonnes of low density polyethylene film a year. The development will include a factory, warehouse and despatch facility and an adjacent office block.

Fairclough will also be involved in the design of processing plant, bulk storage silos and pneumatic transfer systems servicing extrusion lines. The plant will be completed in 1981.

Included in £1.3m worth of contracts awarded to the company's north eastern division is a £660,000 conversion of an existing industrial building at Southwick, Sunderland, into ten nursery factories.

At Borough Road, Darlington, the company is providing a tarmacadam-surface car and lorry park with ancillary buildings, under a £185,000 contract for the North Eastern Eelectricity Board.

Extending pithead buildings at Ackton Hall Colliery, near Pontefract, Yorkshire, is worth £325,000, under an NCB contract, and a further £130,000 is for carrying out an office and laboratories development in an aircraft hangar for British Humberside.

District heating project

LULEKRAFT AB, which is jointly owned by the Municipality of Luleå and Svenskt Stål AB (SSAB), has signed a contract with AB Electro-Invest, Stockholm, for the turnkey delivery of a 95 MW district-heating power-station. Value of the order is about £21m.

The district-heating plant will be built adjacent to an existing hot-water plant, also supplied by AB Electro-Invest, in Luleå in the north of Sweden. It is scheduled to be completed in July, 1982.

Gas from SSAB's blast furnaces will be the main fuel for the district-heating power plant, which will supply not only electrical energy, but also district heat for the town of Luleå with its population of around 67,000.

ASEA will be supplying the generator and electrical equipment while STAL-LAVAL Turbin AB will be providing the steam turbine.

Industrial building

FOUR CONTRACTS worth together £2.5m have been won by Bryant Construction, the largest being one for £1m for the construction of foundations for a mini steel mill consisting of arc furnace, casting machine, and rolling plant for F. H. Lloyd of Wednesbury.

Second job is worth £550,000, and is for alterations and extensions to the meat factory and cold storage facilities of Walter Smith (Birmingham).

Third contract, worth about £530,000, is for the building of a test hall at the Well Street, Birmingham, factory of Lucas Aerospace.

Finally, South Staffs District Council has awarded a £½m contract for the replacement and extension of the sewage system of Kinver.

More work for Cubitts

RECENT WORK awarded to Tarmac Group company Holland Hannen and Cubitts (Northern) total almost £2m and include a £952,000 project to extend the executive suite at Old Trafford for Manchester United Football Club to provide a new restaurant, lounge, bar and kitchen, with conference facilities at first floor level.

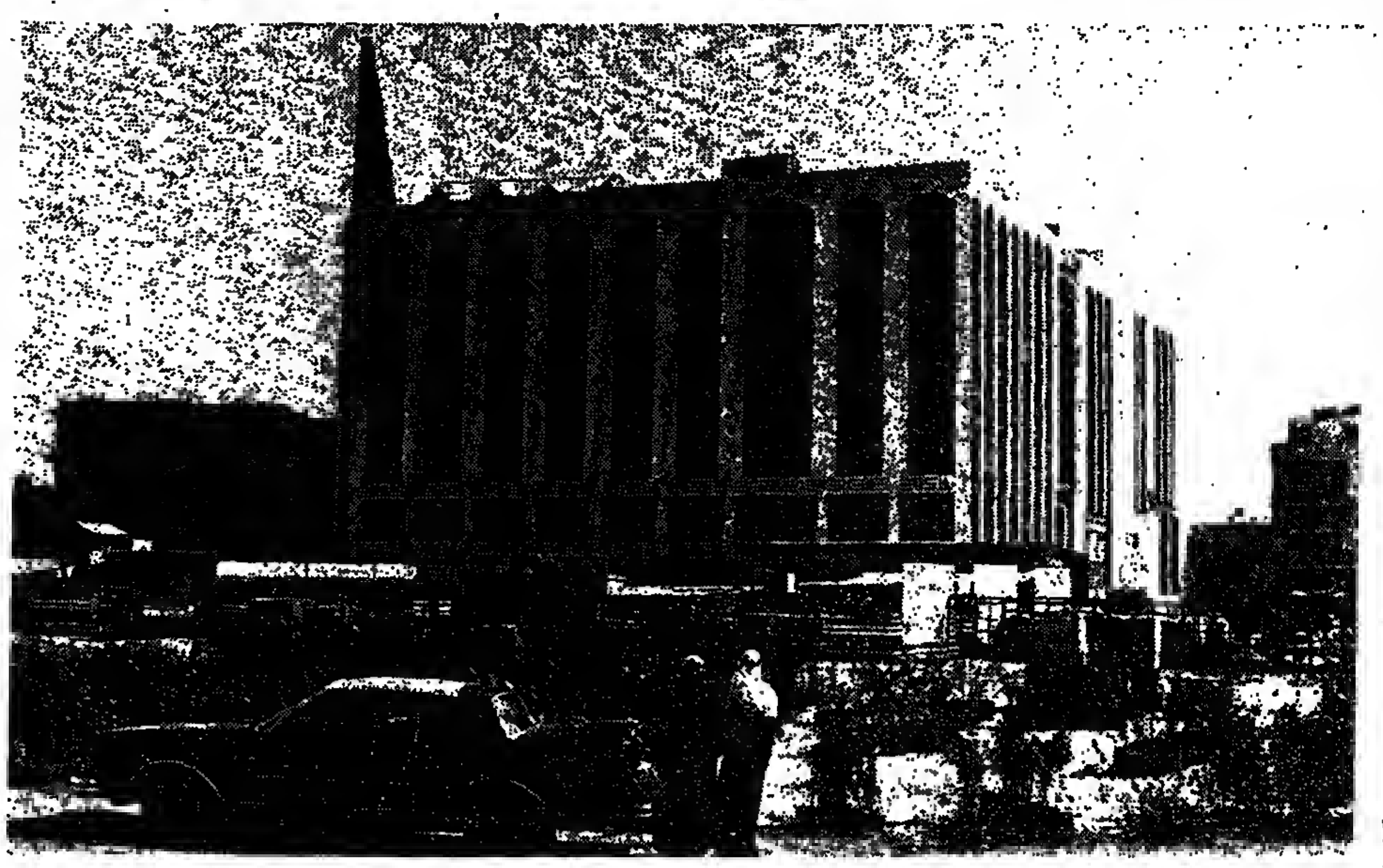
Cubitts Northern has been retained by Smith and Nephew-Polyfabrik to re-roof a weaving shed at Coral Mill, Newhey, Rochdale under a £479,000 contract.

At Liverpool, the company is to carry out repairs to St. John's Precinct following a fire there last year for Land Securities (Management) worth about £300,000. For Joseph Crosfield, Cubitts is to construct internal roadways at a cost of about £265,000.

Offices and showrooms

GORDON LINDSAY Contracts, part of the Lindsay Westhead group, has won a $4m contract for the European headquarters in Wembley of Levi Strauss International.

Work involves the complete layout and decor design of the entire 54,000 square feet of offices and showroom accommodation in the eight-storey building, and fully equipping and furnishing the premises on which work has begun and is due for completion in September.



Almost completed on the Corniche at Dubai, United Arab Emirates, is the Deira Bazaar, a shops/offices complex that will house the new Gold Souk. The Bazaar was built for Sheik Mohammad bin Khalifah Al Maktoum by Galadari Cementation at a cost of 46m dinars (£6m).

Can be used as a pier, ferry or bridge

A MODULAR water transport system which can be used as a ferry or a bridge has been developed through a research project by the Ministry of Defence's Military Vehicle Engineering Establishment at Christchurch, Hants.

The system is based on buoyant, shallow-draft pontoons which can be easily transported three-up on purpose-built trailers. The pontoons can be launched quickly and assembled into flotation units of various sizes in the water. A number of different formats are possible: two pontoons fixed back-to-back form a pier; three piers fastened side by side in a trimaran-type arrangement become a raft, and two similar rafts can be attached to each other to form a large and versatile ferry. Other combinations are also possible.

Diesel hydraulic power units have been specially developed by Deutz Engines and G. L. Rexroth — or, alternatively, Lister Diesel and E.W. Marine units can be used.

The power units specified for the initial ferry system have been supplied by Deutz and are air-cooled twin-cylinder diesel engines. Each engine unit will be mounted inboard and linked to an outboard propeller via a hydraulic transmission system. A special rotary hydraulic shaft seal is fitted which enables the helmsman to swing the propeller shaft through multiples of 360 degrees without twisting the hydraulic cables.

Main role of the diesel/hydraulic engine module is to provide the motive power for the flotation units when they are used as marine transport. Secondly, the engine is used to power a hydraulic ram for raising and lowering a ramp which enables land vehicles to be taken aboard.

The power unit can also run an auxiliary pump which removes any water that has entered the pontoons when very heavily laden and, consequently, causing them to ride low in the water. However, as soon as they are unloaded or only lightly laden, the water will automatically flow from the pontoons via non-return valves.

In most applications, there will be an engine module installed at each end of each raft, thereby giving the helmsman the opportunity to move in any chosen direction. Thus, for the ferry configuration a total of four engine units are involved.

An important feature in the method used for installing the engine/hydraulic modules is that, in an emergency, they can be removed as an entire package. An entire module can be shifted very quickly from one pontoon to another without leaving the water.

It is understood that when the commercial system becomes available it will be marketed by Fairey Engineering.

Bridge in Devon

INCLUDED IN new work awarded to Tilbury Construction is a £620,000 project for a new 70 metre three-span bridge to replace the old Axe Bridge at Colyford, Devon. Reinforced and prestressed concrete structure on piled foundations will be served by 60 metres of re-aligned carriageway.

Awards made to Bovis

OVER £1M has been won by Bovis Construction for projects in the north west and south of England.

Extensions and modifications to a private clinic in Beckenham, Kent, for the Sloane Independent Hospitals is worth £700,000, and include building of a single-storey extension to provide a new operating theatre and x-ray department, plus a two storey-block to link with existing clinic buildings which will provide a 36-bed surgical unit.

In Liverpool, the company has been appointed management contractor for the major refurbishing of the air conditioning system in the neuro-surgical unit of Walton Hospital for Sefton Area Health Authority under a contract worth about £300,000.

Bovis International announces that it is leading a group of British companies in a combined venture with Venezuelan contractors to build low cost housing for the Venezuelan Government.

Underwater cleaning job

UNDERWATER cleaning contract for three concrete platforms on the Frigg Field has been awarded to Odd Berg, Bergship AS, of Tromso, by Elf Acquitane Norge.

The contract will be carried out from mother ship MV Arctic Surveyor, using the new Myren remotely controlled vehicle Snurre 2, which has been specially modified for the operation.

Equipped with a purpose-built submersible handling and control system, the mother ship will operate alongside the platforms with the Snurre 2 carrying out the cleaning job, held against and tracking across the structures using its own propulsion and cleaning with a high-pressure automatically controlled sweep and water jetting system. Area to be cleaned ranges from the splash zone and down to 100 metres below surface.

Mixed bag of work

WORK IN Yorkshire and Lancashire is worth over £1m to the Elland based Marshall Construction Group.

West Yorkshire Co-operative Society has placed a £330,000 contract for a supermarket and shop unit at Wibsey, Bradford.

At Kearsley Industrial Estate, Bolton, the company has negotiated a new parts department, workshop and office for Poclain-Case valued at over £350,000.

At Cemetery Road, Bradford, the company is constructing a £¼m extension for Status Discount and, finally, at Steeton, Keighley, an extension to A. E. Matthews and Son's weaving shed is due to be commenced.

Security on the site

PROMISING TO safely house anything from confidential office files to valuable machinery are vandal-proof steel security buildings in a range of relocatable units from the manager of one of the largest mobile accommodation fleets, Agent Plant Hire, Lower Station Road, Crayford, Kent.

Double entry doors are fitted with special security locks and give easy access to interiors all provided with racking, electrical points and lighting.

Units are available single in 16 by 9 ft, 29 by 9 ft, and 32 by 9 ft sizes, and can be stacked to form a security complex of any proportion, says the company.

Using its own cranes or fork-lifts, Agent will locate the units anywhere in the UK.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

EXECUTIVE HEALTH

Letter fatigue

BY DR. DAVID CARRICK

I HAVE written many times about stress—on both its causes and effects. Yet the message is remarkably slow to penetrate. This may be due partly lo my own lack of coherence; but a large share of the blame musl lie with a few strange penple who proclaim orally or in writing that "stress is good for one."

I trust that those responsible are merely nescient or anxious to make news, because the claim is as obtuse as it is pernicious. If those who believe in the virtues of stress were told that the aircraft in which they were to journey was suffering from metal fatigue caused by stress, they would surely change their minds in a flash.

And just ask the poor, lung-suffering wlves of football maniacs whetber their spouses benefit from the stress of seeing their teams beaten Into submission.

Stress (said to be an aphetic form of the word "distress") ls never a remedial process. By contrast, pressure may bring out the best in people. If this pressure is applied for too long or improperly, however, it soon degenerates into the patholngical stress which, at the best is malignant, and at the worst fatal to spirit and morale.

Every good dictionary will support thls interpretation. Fowler, in his "Modern English Usage" says: "It is perhaps safe to say that strain is the result of stress: stress being mutual actlon exerted by bodics or parts, strain is the alteration of form or dimensions produced by it." Thus stress is a physical or psychologlcal factor (or combination of such), whicb has the effect of altering the ohject under stress.

Slightly more comprehensible is a definltion given in Cassell's "Modern Guide to Synonyms": "Stress . . . . when used in reference to a person, Indicates a condition of emotional or intellectual distress. There ls a suggestion in stress of some external stimulus . . . . that exerts a compelling or constratning Influence to whlch the person Involved cannot adequately adjust . . . ."

In previous articles I have discussed many stressful factors, including frightening letters from Income Tax personages.

". . . the stress of seeing their teams beaten into submission"

Recently I have encountered patients similarly affrighted by astonishing letters sent by Deht Collecting Departments of a nationalised industry. One sucb missive was received hy four young girls who were terrified by such phrases as: "If I do not obtain admittance to your premises, immediate application wilt be made to a Magistrate for a warrant to enter the premises, if need be, by force . . . ."

The fact tbat the outstanding hill of a few pounds was nothing to do with the recipients, was neither here nor there, because the owner of the rubber-stamp signature could carry out the threat in sny case, whomsoever "Dear Customer" might have been.

To an experienced executive, such threats from the Innumerahle ciphers of over-staffed, amorphous hodies would merely irritate; to a junior member of bis staff, or indeed, to his young son or daughter, it could only produce anxlety, and poor co-operation and concentratlon while the worry was fermenting inside like yeast. If sucb concern can be felt by the physically resilient young, then to the old and lonely such menacing bombast cuuld lead to illness if not worse.

Naturally a purveyor of goods or services must obtain bis money, and because of the deplorable situation ln large cities with regard to accommodation, confusion ls certain to arise with altering tenancies. But thls does not in the least excuse an Insolent abrogation of sense and sensibility by named or innominate persons.

U.S. small business: the pros and cons of positive discrimination

BY NICHOLAS LESLIE

EARLY next yesr Vernon Weaver may be able to prove what he already firmly believes to be true—tbat the systent operated by America's Small Business Administration of guaranteeing loans by banks to small companies is the cheapest and mosl effective way in wbich government can help sustain small enterprises and create new businesses and jobs.

As Administrator of tbe SBA, a federal agency established in 1953 to help small businesses, Weaver can be expected to take a partisan view of the efficacy of his organisation. But be reckons that within the next year he will be able to substantiate bis claim with statistical evidence. What be is seekiog to confirm, by way of a major computerised research programme authorised by President Carter, is that the cost to government of bad bank loans and of administering the loan guarantee system is lower than the extra tax revenue indirectly generated by the SBA's stimulation of new business activity.

If Weever is proved right, not only will the exercise quieten those critics of the SBA who have long argued that the agency is inefficient and wastes money, but it should prove of considerable interest to the authorities, both in the UK and the rest of Europe, who have remained undecided about the introduction of similar loan guarantees—and have generally ended up erring on tbe side of caution.

The SBA research programme, however, has objectives other than proving the worth of loan guarantees. It will eventually provide what is seen by the agency as the first really accurate picture of small business, giving an Insight into auch thinga as the total number of business start-ups and failures each year, and tbe average first-year volumes of business generated by new companles in different local economic structures throughout the U.S. On a broader front it is hoped it wlll provlde a statistical baais for government to use when formulating economic strategy suitable for smaller businesses.

Weaver, an appointee of President Carter, has weathered several attacks in the past couple of years. He has been accused of maladministration and of favouring minority sections of the population with loans that have no chance of ever being repaid. Fundamentally, there has been speculation over whetber the SBA is the right sort of vehicle for government to provide assistance to small businesses, and whether loans and loan guarantees should be handled purely by the banking community, leaving government to supply grants and similar forms of assistance.

Such speculation is clearly of partlcular signficance to the UK in view not only of the endless discussion about loan guarantees, but also of the continued influence of the National Enterprise Board in the field of small company support.

Though he is clearly sensitive to criticism, Weaver's ripostes can be delivered with surprising restraint. He says that over the past three years the agency has become a much more streamlined operation, with a smaller number of staff coping with an increasing work-load. And white he acknowledges the probablity that a proportion of loans guaranteed to certain minorities will not be recovered, be argues that the amounts involved are small in relation to the agency's total of lending to minorities.

Whetber by coincidence or design, some of the sting has already been taken out of such criticism by the fairly radical cbangea that have taken place in the past year or so in the way the SBA operates, cbiefly in relation to the way loan guarantee applications are vetted, approved and guaranteed.

The agency's operation bas been reorganised along more "aound management lines," maintains Weaver. It has also been decentralised, with more authority being given to the regional and district offices.

Not surprisingly, given the increasing workload—the $13bn (£5.9bn) portfolio of today compares with $1.5bn (£680m) in 1968, yet at around 4,700 now there are less SBA employees —something has had to give. This has been the degree to wbich the SBA involves itself in administering loan guarantees.

Since February, 1979, a key change bas taken place: Previously all loans by banks to businesses seeking an SBA guarantee had to be vetted and agreed by tbe agency itself. Bnt now the banks themselves do the vetting before they seek a guarantee.

This has answered those critics who felt the SBA did not bave the relevant expertise to carry out adequate vetting, though others saw it as giving the banks carte blaocbe to expand their lending at no real risk to themselves. Certainly, the banks are not complaining about the slimming down of the administrative procedure. But tbe comment of one banker probably speaks for many when he says that any bank's credibility would be seriously damaged if it expanded its guaranteed loans, only to have a large number go bad.

Vernon Weaver, whose Small Business Administration once helped the one-time small businessman, Jimmy Carter, with his peanut business.

Administration is in fact to be further streamlined in this area. More paperwork is to be eliminated and eventually banks will themselves be allowed to extend the SBA guarantee, but within the agency's laid-down guidelines.

The SBA's range of direct lending and loan guarantee programmes is very large. This is partly due to political sensitivity about special treatment for minorities such as Blacks, Hispanics, American Indians and others.

Minorities own in total less than 5 per cent of U.S. businesses and it is acknowledged that they face a more dlfficult task ln setting up their own enterprises. For this reason tbey tend to account for a greater proportion of direct lending by the SBA of its own funds (20 per cent of the total) than of loan guarantees (12 per cent), because the agency becomes their bank of last resort.

Another special minority programme is procurement assistance, whlch is non-financial. This is designed to assist minority-owned concerns to get a better slice of federal procurement contracts. The programme, Weaver admits, has in the past been "horribly managed," but he says it is now in much better shape.

The SBA's range of programmes also reflects the very broad definition it gives for a "small" business. Thougb a new definition is now being proposed, "small" bas in the past embraced a company employing from around 15 to 1,500 or 2,000 workers and having an annual turnover of up to $25m.

The proposed cbange is to introduce a uniform definition based on the number of employees, rather than on annual aales. This will apply to all of the programmes, whicb means companies will no longer face the possibility of being eligible by size under one programme, but not another.

As well as its own lending and loan guarantee activities, the SBA provides further assistance through the licensing, regulation and provision of financial assistance to Small Business Investment Companies. These—as with loan guarantees, a mucb discussed concept in the UK—are privately-owned and provide "venture" and "risk" money to new or established small companies (in the UK such finding should be called "development" capital).

There are now nearly 300 of these organisations ln the U.S., and their shareholders (both individuals and Institutions) enjoy financial advantages such as tax concessions. Since they were first established ln 1958 they bave made investments totalling more than $3bn (£1.3bn).

Another way the SBA has expanded its services, without a commensurate increase in staff, is by contracting outside help for its management assistance activities. It is now providing advice or training to around 700,000 companies a year, calling on the services of management consultants, universities and other institutions. It also calls on over 12,000 retired business people forming the Service Corps of Retired Executives (SCORE) and active business people forming the Active Corps of Executives (ACE).

The SBA's range of loans and services and assistance does, indeed, seem almost infinite if one lists everytbing from "specialist financial assistance to women" to "strategic arms economic injury disaster loans."

The latter would cover, for example, assistance to an arms manufacturer whose business was serlously disrupted by an International arms agreement cutting off demand for his product. Such reasoning—that ls, when a company is hit by economic circumstances totally outside its control—lies behind a number of SBA loan programmes.

Despite its apparently new slimmed-down self, the agency gives tbe Impression of trying to be a large number of things to an enormously large number of people.

There is another ambiguity about it which is bard to dispel. For while it purports to champion the cause of the small buslnessman—and in the U.S. it is hard to find a more independent-minded bunch of people—it is a highly governmental organisation, strongly Influenced by political fashion. Its administrator and his deputy are both appointed by the President and there is a strong element of Senate control over what funds it can channel and where (not that this precludes a fair degree of sniping at the SBA from various corners of Capitol Hill over the way it operates).

Small businessmen can be sceptical about whether the SBA's loyalties really lie with tbem rather than the government machines, for example, even when told that the agency has been responsible for ensuring that an increasing proportion of federal procurement contracts has been directed their way, many remain unconvinced and argue that much more needs to be done.

How long this dissatisfaction will persist may well depend on tbe success of one of the most recent Innovations within the agency. This was the setting up in 1978 of an "Office of Advocacy," and the appointment—again by President Carter—of Milton D. Stewart, a lawyer, as the first Counsel for Advocacy of the SBA.

Stewart's role, broadly, is to ensure by judicious lobbying that his office helps reduce the burdens that federal policies impose on small firms and to maximise the benefits that small firms get from government. In effect, tbe detail of his brief was added to, if not re-written, by small businessmen themselves ln January when delegates to the White House Conference on small business drew up a series of recommendations which, if implemented, they felt would most belp them.

The extent to which those recommendations are acted upon by government will no doubt be interpreted by the boards of small U.S. businessmen as a pointer to the real effectiveness of the SBA and its willingness to act on their behalf.

LOMBARD

A glossary of political labels

BY HUGH O'SHAUGHNESSY

ONE OF the more active political groups waging the current civil war in El Salvador *is called* the Party of National Conciliation. Those who support the ultra-conservative anti-*Communist dictator* of Paraguay, General Alfredo Stroessner, are officially known as the Reds. The Reds, too, have a staunch 150-year-old tradition of conservatism in Uruguay. Across the River Plate in Argentina the slightly *more liberal* wing *of* that country's highly politicised army has been known as the Blues. The more conservative hard-line colonels operate under the flag of the Reds. In Nicaragua the Conservative Party fought bravely for the overthrow last year of the Somoza dictatorship and was a key force in the advent of the Sandinista Revolution.

Extravagant

What Latin American politicians stand for is often at *variance* with what *they* call themselves. In Latin America political titles often conceal as much as they reveal to the political novice.

The basic rule is that political language in the region is usually much more ambitious and extravagant than we in Europe are used to and forty-five degrees farther to the left than most other places in the world.

However conservative, or indeed reactionary, they may be, many Latin American politicians feel that if they do not call themselves "republican" and "revolutionary" they might just as well not be in politics. A prime example of this is the Revolutionary Nationalist Movement of Bolivia which today is a fairly right-of-centre party which has seemed perfectly happy to coexist with military government.

Conservative

The same might be said for the grandiloquently styled American Revolutionary Popular Alliance (APRA) in Peru which, until recently at any rate, was a static rather than a dynamic force on the *Peruvian political scene.*

Consequently if a party describes itself as something less than revolutionary, it is reason to suppose that it is really quite far to the right. Take the Dominican Republic, for *example. There for more* than a decade ruled the Reformist Party, the vehicle of President Joaquin Balaguer. No one who examines Dr. *Balaguer's* record would find that he was anything but extremely conservative and *opposed* to *reform*, opposed tooth and nail to the careful pragmatism of the Dominican Revolutionary Party.

Really left wing parties can very often be detected by a telltale "I" in their initials. The "I" stands for "Izquierda" or Left as in MIR *or Movement* of the Revolutionary Left.

The Chilean MIR carried on a guerrilla battle against what they termed the reformism of *the late President Allende*, there is a radical MIR in Peru and in Bolivia there is *also*, a MIR, a highly intelligent left-wing group which maintains some links with the world social democratic movement.

Combative left

The armed combative left tends to go for dates in titles. *Castro's followers* in the early days were in the 26 July Movement and the group which *seized* the ambassadors in Bogota call themselves M19 in *commemoration of that day in* April when they felt they were defrauded of an election victory.

But if you're looking for the armed combative left make sure they've got a day as well as a month in their title. The Febreristas of Paraguay—motto "Faith in Franco and February"—are a non-combative group of impeccable *credentials, committed* to the overthrow of Stroessner and the establishment of pluralistic democracy.

The complete political give-aways are those, like the Uruguayan left-wingers, who called themselves the *Leftist* Liberation Front or Fidel, or the Colombians called Workers Armed Movement or MAO. Mao and Fidel, simple and *direct.*

How the City will remember Lord Widgery

ALTHOUGH SPECULATION has been rife for many months now that the Lord Chief Justice was *in ill-health* and that his retirement was imminent, there will be no April fool tomorrow as leading legal luminaries at the Law Courts gather to say farewell to *Lord Widgery after* nine hectic years as Chief Justice.

A *distinguished* holder of that high judicial office is laying down the onerous task.

The nine years have been characterised by ever-increasing work, such that even Lord Widgery, a voracious worker, could barely cope—although, *thankfully*, he was *submerged* by the workload.

In the early years of the 1970s he despatched court business with an alacrity that was marvelled at by any onlooker. His grasp of the material, his quick absorption *of the relevant issues*, and the manner of his giving judgment, nearly always ex tempore, were nothing short of masterly.

In more recent years his alarming pace has *slowed*; the sheer volume and weight of the work would have halted a lesser man in his tracks. The *failure* of the politicians to revise the *machinery of justice over which* the Lord Chief Justice has to preside has been little short *of* a scandal.

The signs of the need for *reform* were there *when* Lord Parker went in 1971; they were exacerbated throughout Lord Widgery's term of office.

The daily performance of the administrative burden will be *Lord Widgery's* testimonial to the continuance of the *fine* tradition of the common law. His output of judicial decisions, while prodigious and always competent, was rarely memorable. There are no clarion calls to some burning legal issue of the day.

The City of London, however, will remember him, almost *exclusively perhaps*, for his upholding last December of the custom of the Lord Mayor and the Court of Aldermen to reject, as one of their number, a citizen elected democratically by the electors in one of the wards of the City without giving their *reasons* for *refusing* to approve of his election as an alderman.[1]

The case brought by a London solicitor, Mr. Donald Silk, arose out of his election in July 1979 for the ward of Aldersgate by 206 votes to 95 (*he stood* again recently and received an enhanced majority).

In September 1979, and again recently, the Lord Mayor and the Court of Aldermen rejected his election. Their argument was that the customary right of election was upheld in 1839 by the House of Lords, and Parliament has never thought fit, *expressly*, to take it away.

It survives in its pristine form, even when all around the City such undemocratic practices have been *swept* away through successive Representation *of* the People Acts.

The custom was recognised by the House of Lords in 1839. It is that when a ward's inhabitants have three times elected and returned to the court of mayor and aldermen the same person to be an alderman—who is adjudged by that court *on the three returns not* to be a fit person to support the dignity and discharge the duties of the office—the mayor and aldermen may elect and admit a fit person. That person should be a freeman of the City of London, out of the wholebodies of the citizens to be the alderman for that ward.

Mr. Silk has yet to stand and be elected a third time before he is debarred by the custom to stand again. He is likely to try again, on the principle, no doubt, that if at first you do not succeed, try, try, again.

The House of Lords in 1839 drew a distinction between the electorate's vote and the aldermanic approbation. Lord Brougham, then Lord Chancellor and a radical Whig, said: "The election is by the wardmote, but approval *may* be in the *mayor* and aldermen."

The Lords said that Parliament, in its legislation providing that the right *of* election of aldermen throughout the country should belong *to* the freemen of the city, did not disturb the custom. Parliament had merely adjudged that a great mischief might arise if some mode was not found to prevent improper persons from *interfering with the election.*

The statute was intended to regulate that election and said that no one shall interfere but persons duly qualified. That did not in any way purport to interfere with the discretion of the Lord Mayor and the existing aldermen to say that a person elected was still not a proper person to take *his* seat. The custom to approve or reject was distinct from the election itself.

The City, having established its long-held custom, concluded that what was good enough for their predecessors should be good enough today. Lord Widgery agreed.

He concluded: "When I look at the case as a whole and ask myself about a retention of this somewhat undemocratic arrangement, my *personal* feelings, I confess, are not that we are causing any great disaster or difficulty, because I think that the people — public opinion — regard the City of London as being somewhat special, and I do not think they are *offended* by happenings in the City of London which might occasion comment elsewhere."

He was fortified in this attitude by pointing out that Parliament had never taken away the custom; and the rule of law is that a custom stands unless and until *it is abolished* or extinguished by an Act of Parliament; it cannot be lost by *disuse or* abandonment. For this proposition Lord Widgery was able to pray in aid some powerful contemporary words of Lord Denning.[2]

In 1975 a case *came before the* courts involving a piece of land of more than two acres in the middle of *Windsor, which for* hundreds of years had been known at Bachelors' Acre and had been owned by the local authority. It was being used partly as a carpark and partly as a school playground.

On an application under the Commons Registration Act 1965 it was registered provisionally in the Berkshire Register of Towns or Village Greens. The local authority objected to the registration, and the matter came first before the Chief Commons Commissioner, Mr. *G. D. Squibb*, QC. The evidence, including leases by the local authority in 1651, 1704 and 1745 showed that from before the middle of the 17th century the inhabitants of New Windsor were asserting and enjoying rights to use *Bachelors' Acre* for sport and recreation.

It showed that from about 1800 *to* 1875 the citizens actively defended those rights, calling *themselves* "the Bachelors of Windsor," and that although the land had *not* been used for *public recreation since 1875 the* rights had subsequently been claimed from time to time. The commissioner upheld the citizens' claim to a customary right enjoyed for more than 300 years, and confirmed the registration. The courts agreed.

Lord *Denning* said of any resident of Windsor that: "He can stop any fences being *erected*, or any holes being dug, or pipes laid, if they would interfere with the exercise by the villagers of their right. And such a right, once acquired by custom, cannot be lost by disuse or abandonment. It can only be abolished or extinguished by Act of *Parliament*."

That was authority enough for Lord Widgery to uphold the City's *customary* right to reject an elected alderman.

It seems one thing to uphold a customary right that the citizen has against the incursions of government, *local* or central. It is altogether another thing for the law to uphold a *custom* to sustain a self-perpetuating oligarchy against the wishes of the citizenry that votes its representative to the body governing their lives.

Custom is valuable in preserving the ordinary citizen's rights; it has less appeal when used to stave *off* the demands of the citizenry to democratic *government.*

1 *R. v. The Lord Mayor and Court of Aldermen of the City of London, ex parte Silk*, unreported.

2 *New Windsor Corporation v. Mellor [1975]* Ch. 380.

THE WEEK IN THE COURTS

BY JUSTINIAN

American rides a copybook race

ASTUTE advice from the recently retired former champion, *Graham Thorner*, saw the American horseman, Charlie Fenwick, riding a copybook race in Saturday's National.

Fenwick, whose previous efforts *under National* Hunt rules in this country had failed to yield a solitary success, could hardly have had his *mount*, Ben *Nevis*, better positioned from the outset.

Allowing the *Tim Forster*-trained veteran to hack along in the early stages Fenwick began *to take closer order* with a circuit to go.

Always well positioned to steer clear of trouble, Ben Nevis found himself in the lead at Bechers second time round (the 22nd) when Delmoss crumpled on landing.

From that point *on* it was clear sailing for Ben Nevis who was always going far too strongly for John Francome aboard Rough And Tumble.

Francome who, ironically, had schooled Ben Nevis a week previously on Newbury racecourse, commented before the race that it would need a horse capable of getting six miles to win the National.

He was undoubtedly right, for in conditions worse than even *those* which Forster's previous winner, Well To Do, overcame in 1872 only the winner and runner-up fully stayed the 4½ miles in holding conditions.

Although few punters managed to find the 40-1 winner a good many backers found betting on the number of finishers a profitable venture. Indeed, so great was the volume of business on 10 or less to complete the course that Corals went in for a massive reshuffle of odds two hours before the race.

RACING

BY DOMINIC WIGAN

AYR

2.15—Prince Of Light**
2.45—Noble Dudley*
3.15—Loebranza
3.45—Conacre
4.15—Rathmoy's Sparkle***
4.45—Five Aces

TV Radio

BBC 1

† Indicates programmes in *black and white*

6.40-7.55 am Open University (Ultra high frequency only). 9.55 *Ludwig. 10.00 Jackanory.* 10.15 Tarzan, Lord of the Jungle. 10.35 *Hang on Doggy.* 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Over the Moon. 3.15 Songs of Praise from Palmers Green. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Cheggers Plays Pop. *4.40 Godzilla.* 5.00 *John Craven's* Newsround. 5.05 Blue Peter. 5.35 *Paddington.*

5.40 News.
5.55 Nationwide (London and *South East* only).
6.20 Nationwide.
6.45 A Question of Sport.
7.15 Blake's Seven.
8.10 Panorama from Brussels: Can Britain get agreement on our EEC contribution?
9.00 News.
9.25 The Monday Film: "S.P.Y.S." starring Donald Sutherland and Elliott Gould.
11.05 Film 80.
11.35 News Headlines.
11.37 Family History.
12.05 am Weather / Regional News.

All Regions as BBC1 except as follows:

Cymru/Wales—1.45-2.00 pm Pili Pala. 5.55-6.20 Wales Today. 6.45-7.15 Heddiw. 12.05 am News and Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 12.05 am News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.05 am News and Weather *for* Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-*West* (Manchester); Midlands Today (Birmingham); Points *West (Bristol)*; South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School (As BBC1 3.55 pm).
2.15 pm Let's Go.
4.50 Open University.
6.55 The Craft of the Weaver.
7.20 Mid-Evening News including sub-titles.
7.30 Outside a City Wall.
7.40 Rock Goes to College.
8.15 Marti Caine.
9.00 Not the Nine O'clock News.
9.25 Yes Minister.
9.55 Grand Prix: The United States West.
10.20 Russian — Language and People.
10.45 Newsnight.
11.30 Arena.
12.05 am Closedown reading.

LONDON

9.30 am Charles Dickens Show *starring* Victor Spinetti and Michael O'Hagan. 10.20 The Search for the Persian Royal Road. 11.05 Fantasy Island. 11.55 The Bubblies. 12.00 We'll Tell You a Story. 12.10 pm Rainbow. 12.30 Numbers at Work. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 About Britain. 2.00 Monday Matinee: "Monte Carlo or Bust" starring Tony Curtis, Susan Hampshire, Peter Cook and Dudley Moore. 4.15 Clapperboard. 4.45 Enid Blyton's Famous Five. 5.15 Money-Go-Round.

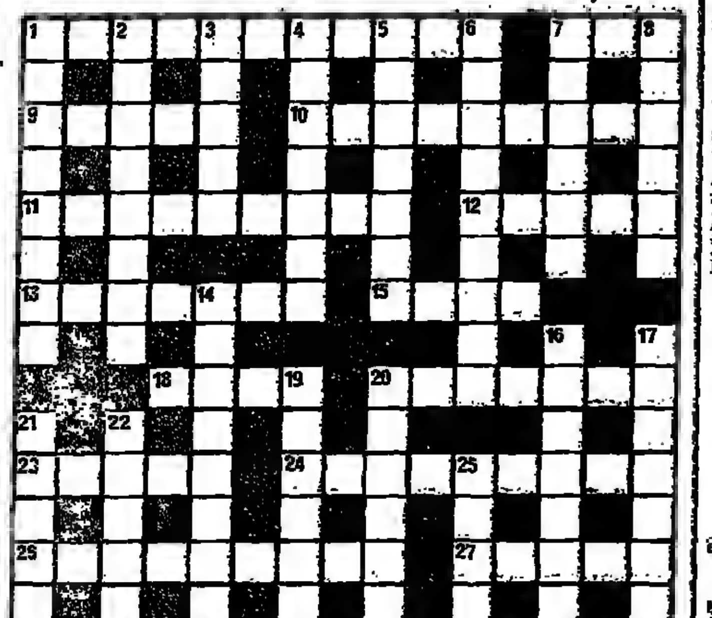
5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 The Kenny Everett Video Show.
7.30 Coronation Street.
8.00 World in Action Special.
9.00 Fox.
10.00 News.
10.30 Monday Film: "The Glass House."
12.15 am Encounter at Easter.

All IBA Regions as London except at the following times:

SCOTTISH

9.30 am At Your Finger Tips. 9.40 Feature Film: "The Exile" starring Douglas Fairbanks Jr. 11.15 Alright Now. 11.30 Walking Westward. 1.20 pm News and road and weather. 2.00 Money-Go-Round. 2.30 Monday Matinee: "Breakout." 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.45 Crimedesk. 10.30 Afloat. 11.25 Late Call. 11.30 Have Girls Will Travel.

F.T. CROSSWORD PUZZLE No. 4,239



ACROSS

1 Vote for display by workmen (4, 2, 5)
7 Inferior backing expert (3)
9 Live in Danish capital in good style (5)
10 Select one on strike (6, 3)
11 Ancestor during rising (9)
12 It's a crime to behead the vicar! (5)
13 Skill of teacher holds sway (7)
15 American writer with start of marriage lines (4)
18 Fish taking sap from young tree (4)
20 Hate cod being cooked at pole (7)
23 Fear article by the French marines (5)
24 Story journalist considered (9)
26 Number depressed by approach to launch (5, 4)
27 Refuse container for instance returned in celebration (5)
28 Put on by university member (3)
29 Seek popularity and goodwill generated with hot dish (5, 6)

DOWN

1 Snobbery over members' weapons (4, 4)
2 Mine could be uncovered by *players* (4, 4)
3 Material found in some minor London stores (5)
4 Quiet sailor before end of day used to get child to sleep (7)
5 Negative poles surpass express (7)
6 Only time National Trust becomes a monopolist (4, 5)
7 Complaint when water collects bribe (6)
8 Brown lad outside branch of science (6)
14 Magic net 1 might find obscure (9)
16 Study dance payment for postponing transfer (8)
17 Master equipment providing capital cover (8)
19 Key to student love affair enchantment (7)
20 Accountant is able to get New York to be careful (7)
21 Rank that was in charge of crime squad (6)
22 Heavenly body with sex-appeal joins revolution (6)
25 Shadow troubled Burma (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

ENTERTAINMENT GUIDE

THE ARTS

Grand Theatre, Leeds

The Mines of Sulphur

by RONALD CRICHTON

English National Opera North, in reviving Richard Rodney Bennett's *The Mines of Sulphur*, show that it is worth doing, and do it well. The libretto by Beverley Cross, it may be remembered, is costume-hokum set in a decaying English country house in the mid-18th century. A band of strolling players shelter there on a winter's night and perform for a gang of ruffians who have just murdered the owner, borrowed his finery, and plan to steal his treasure. The mummers select a play, *The Mines of Sulphur*, which comes unpleasantly near the knuckle. They unmask the gang, who turn them out. But Jenny, one of the actresses, reveals before she goes that the actors are ghosts of players who came to the house long before when they were fleeing from the plague in London, bringing pestilence with them. As she gruesomely demonstrates, she carries it too.

The ending is telling enough almost to stifle some literal-minded questions — why don't the spirits materialise in costumes of their own period, a century earlier, and how can ghosts transmit plague? Perhaps the story shouldn't be taken so seriously, in which case the treatment is rather ponderous and circumstantial. But Bennett's music, while hardly achieving the toughness he claims for it, helps greatly. His orchestra, eerie horn-calls and all, is strongly atmospheric. The vocal lines, while ranging widely, are not ungratefully jagged. Above all, Bennett is adroit in his sparing employment of the typically English medium-paced arioso writing which infected some operas by his contemporaries like creeping paralysis. There ought, one still feels, to be sharper contrast in act 2 between the music for the play within the opera and the rest.

Colin Graham's production and Alix Stone's designs have both come up freshly. On Friday, Clive Timms conducted a performance which would not easily, for suggestiveness or finesse, be matched in an equivalent Continental opera house. The cast is strong. Robert Ferguson, Thomas Lawlor and Fiona Kimm as the fake gentry, Eric Garrett, Mark Hamilton, Michael Lewis, John Fryatt, Ann Howard and Sally Burgess as the players, were all good. As Jenny Miss Burgess, who is rapidly becoming a singing-actress of wide stylistic range and authority, was particularly impressive. As Rosalind, the gipsy posing as a lady Miss Kimm did well in a sentimentally conceived role.

Sally Burgess and Mark Hamilton

There was a good, appreciative house. Even if the ultimate rating of *The Mines of Sulphur* turns out not to be terribly high, the opera is capable of doing what so many mainstream contemporary works fail to do —break down partly imaginary barriers of taste. The Leeds opera public is fertile soil. There are other works of the period in the ENO repertory worth further revival—especially now, when commissions for new works are likely to trail off. High among these stands Williamson's *The Violins of St. Jacques*.

The Copley-Walker *Rosenkavalier* from the Coliseum is also now in the Northern repertory. The production, as rehearsed by Roderick Horn, loses little as a spectacle in the smaller frame. The second act is a bit run down, but the first actually gains with increased intimacy. Fitting Strauss's lavish orchestra into this pit (not at all a bad one by British regional standards) is another matter, though one has heard many *Rosenkavaliers* where fewer words came through. David Lloyd-Jones, conducting with energetic use of elbows, might, all the same be more sparing with the brass.

Lois McDonall's Feldmarschallin is a vintage assumption even if she sometimes leads her exquisite pianissimos to the brink of inaudibility. Eiddwen Harrhy's new Oktavian produces much capitally well-formed singing and was amusing in the supper scene: elsewhere she has not quite captured the breeches style. The Sophie of Laureen Livingstone and the Ochs of Dennis Wicks were thoroughly sound. There was a ripely servile Faninal from Derek Hammond-Stroud.

Teatro Comunale

Die Walküre by WILLIAM WEAVER

Last spring the Teatro Comunale presented a new production of *Das Rheingold*, designed by Pier Luigi Pizzi and staged by Luca Ronconi. Thus the Florence theatre revived a projected *Ring* initiated by La Scala in 1974 with *Die Walküre*, continued the next year with *Siegfried*, and then abandoned. The Florence resuscitation of the Ronconi-Pizzi *Ring* will obviously continue, in the near future, with a concluding *Götterdämmerung*.

In the meanwhile, in the course of its generally excellent winter season, the Comunale has brought the *Walküre* production from Milan; and the opening night proved an immense, warm success. The performance was far from perfect, but it managed to be impressive all the same, the impact of the whole overcame the defects of the parts. Much of the credit must go to the Comunale orchestra, which had begun to improve a year or more ago and now, just in the past months, has made astonishing progress. The presence of Zubin Mehta on the podium no doubt inspired the players to do their best; but even with less glamorous conductors, in the course of this season, they have achieved admirable results.

Mehta's view of the opera, one would say at a single hearing, lies somewhere between the chamber intimacy of Karajan and the heroic vigour of Solti. Naturally a final opinion must be postponed until the *Ring* is complete and can be heard in sequence. Here, in this *Walküre*, the conductor tended to stretch the tempi, lingering over details; and on occasion this affectionate extension became too languorous and tension was lost (the crucial Act II Brünnhilde-Siegmund duet was a case in point).

It must be said that Mehta did not have ideal singers at his disposal. The Siegmund was Wolfgang Neumann, a serviceable tenor, substituting at the last minute for Heribert Steinbach (who made an excellent impression here in *Rheingold* last year); it would be uncharitable to blame Neumann too severely for shortcomings, since he was working under a handicap and, in effect, saved the show. His Sieglinde, Marita Napier, was not in best voice, and the weakness of her lower register diminished her efficacy, though her final phrases took flight and soared.

Gwyneth Jones was in wobbly condition. She looked beautiful, and at the end, when she could sing softly, she managed to be moving. But the heroic, ringing music was beyond her. The steady, focal voice of the evening was Wotan's: Siegmund Nimsgern has a grainy, potent bass with a great expressive capacity. If his interpretation was more paternal than god-like, this was in line with Ronconi's domesticated view of the work as a whole. In smaller roles, Carol Wyatt (Fricka) and Bengt Rundgren (Hunding) were excellent.

Ronconi's *Ring* is now clear: a Victorian family story, set in blank rooms and deliberately theatrical spaces (the Siegmund-Hunding duel takes place against a backdrop of painted clouds), with a few props. Pizzi's sets use his familiar ingredients: mirror-walls, rhetorical 19th century easel painting, equestrian statuary, grey brick columns. The stage-pictures are all pleasant to look at, but a sad dilution of the heady, generous Wagnerian draft. The lunar brilliance of the first act was dulled, and the final fire (which, like some other effects, was late) lacked any magic. Ronconi may have saved some of the bath water, but the baby is gone.

There were also a few silly bits: in the first scene, to indicate that Sieglinde has noticed her own resemblance to the strange guest, the soprano is made to take a strand of the tenor's hair between her fingers and hold it, comparatively, against her own locks (as it happened, the hues of the two wigs did not quite match anyway).

While one awaits eagerly the completion of this *Ring*, the suspicion arises: by the time it is finished and ready to be performed in sequence, it will already be old hat visually. It has already lost its capacity to shock; in a year or so it will probably have lost also its capacity to arouse interest. But happily there will always be the music.

Houses on Beacon Street, Boston, Mass.

Francis Kyle Gallery

Paul Hogarth

by COLIN AMERY

Paul Hogarth occupies a special niche in the world of drawing. He has taught generations of students to draw and gone on to show them by his own example that it is possible to make a living as an artist and illustrator without compromising high standards. Paul Hogarth has developed his own personal style and, as this exhibition shows, it is instantly recognisable.

At the Francis Kyle Gallery (until April 18) he is showing the work of the last ten years, which he describes as Travels through the Seventies. Throughout the fifties, sixties and seventies Hogarth has travelled. He describes his perpetual wanderings as "the terrible itch for the unknown." He is fascinated by places and by architecture and his drawings communicate all the diversity and richness of the world.

These are not studio works and certainly in this exhibition one feels as though what is on the walls is a very direct response to particular places. Hogarth doesn't draw on a narrow canvas; he has recorded China, South Africa, Poland, Ireland, France, Germany, Morocco, Russia, Spain and most of the United States. He has often worked with distinguished writers Brendan Behan in New York and Ireland, Robert Graves in Majorca, Doris Lessing in Zimbabwe and Stephen Spender in America.

During the seventies Paul Hogarth lived and worked for long periods in America and this is the major influence on this exhibition. He shows first of all how he reacts to the American urban landscape, and secondly, reveals the sense of surprise that Americans themselves feel as they contemplate God's own country.

As both an observer and reporter of the American scene Hogarth is unrivalled. In his lively view of the Vanderbilt mansion on Long Island the uninhibited vulgarity of the grossly opulent building looms out of the frame. In a view of an earlier part of America's past he has drawn a view of Nantucket and of the Congress Hall at Philadelphia — both heavily restored examples of the Americans' way of seeing their own past.

Somehow the past appears as stage scenery with Hogarth's caricatures of modern Americans looking like very unlikely inheritors of the gifts of their founding fathers. Even in America Americans are tourists. Women with unsightly rolls of flesh and too tight clothing parade themselves in front of a Los Angeles' motel—Californian sleaze instead of the usual portrayal of its cosmetic comforts. How telling is Hogarth's drawing of the elderly hippie in Hollywood hovering outside the occult book store.

New York emerges from this show as the last great European city. Hogarth has captured much of the energy and contrast of this great city, his view of Madison Square with the little buildings among the giant skyscrapers shows a side of New York that Europeans often prefer to all the thrusting size of the city's more obvious monuments to commerce. The United Nations building down by the windy East River looks as fragile as the ideals that support it.

In Boston the houses on Baecon Street look like prim Puritan ladies in their black bonnets while the drawings of Chicago capture much of the harshness and physicality of that city of the plain. The drawing of the Grand Opera House at Wilmington, Deleware, is one of Hogarth's best architectural studies. The madly detailed yet sturdy Victorian building has a real presence and dignity and all the qualities of a rather out of date grande dame.

But this exhibition is not just about architecture or America and it is interesting to observe the contrasts of technique and style when Hogarth is at home on his island of Majorca. Here the mood is very different. It would have been easy for him to have drawn the horrors of mass tourism or to have made some pointed observations about the British in Spain, but instead he concentrates on the beauty of the island's coast. Using a lot of simple blue washes the curiously Moorish beauties are effectively invoked. His palate is calmer here and the mood pleasing and restful.

Hogarth is a very skilled topographical artist and this exhibition gains in importance when it is realised how extensive his influence has been on younger artists and illustrators. They would be wise not to copy Paul Hogarth but to do what he has always done, and maintain the integrity of their own personal style.

Purcell Room

Ensemble by PAUL DRIVER

Four generations of English composers were interestingly spanned in Saturday's full but purposefully arranged recital. Styles varied enormously—from the turgid pastoralism of Vaughan Williams's *Merciles beoute* (the one miscalculation of the programme) to the suave pointillisme of Birtwistle's *Précis* for piano. Yet one felt willing to hazard that some common quality of sensibility was discernible in the sinew of all the pieces, right up to the latest —two works by Ensemble's director Avril Anderson and a strangely affecting musical study, *5 Sequences*, by David Sutton, receiving its first performance in a chamber version.

The idea of this piece is to effect in five "moves," so to speak, the displacement of a borrowed tonal formula (it sounded Mozartian) from the harmonic plane, where it has its conventional meaning, to a purely timbral plane on which it might acquire an analogous but entirely new meaning. In practice, that new meaning was not achieved: the original harmonic frame remained palpable to the end. But the *stages* of transformation were richly expressive: instrumental colours, particularly low woodwinds and acidulous string harmonics, wrought kaleidoscopic changes on the basic material, throwing out peculiar, dream-like associations with familiar things — the 9th, triplets variation of the *Diabellis*, for example, or even a *fragment* of the *William Tell* overture. It proved an engagingly fanciful composition, unpretentious and concise; suggesting models as far apart as Stockhausen's *Adieu*, Reich's process music and Holloway's *Serenade in C*, yet defining its own tough little space.

Avril Anderson's woodwind trio, *Thomas' Madrigal*, derives its idiosyncratic pattern-making from borrowed material—the creditor here is Thomas Morley —in a not dissimilar way. One could clearly perceive cadential flourishes of the original being seized and anatomised for fresh figuration. As in her *Monostatus* for clarinets, bizarre and complex statements are the result of very simple schematisms. She shares with Sutton a plain but daring and tenacious approach to sound. *Black eyes in an orange sky*, a kind of sonatina for wordless soprano and the inside and outside of a piano (well projected on Saturday by Lorraine Anderson and Claire van Kampen) rejects all but the barest melodic shapes, unisons, plucked notes; but in a novel manner distils music both expressionist and icy. Perhaps it is the quality of austerity that the best items in the concert had in common? Additionally this was evidenced in extremely competent performances of Goehr and the Birtwhistle and of Britten's sternly economical op 2 Oboe Quartet.

Elizabeth Hall

Dinorah Varsi

by RICHARD JOSEPH

On Sunday afternoon at the Elizabeth Hall Dinorah Varsi wisely prefaced her performance of Schubert's vast Piano Sonata in A D959 with a couple of little-known Mozart miniatures. The quirky, polyphonic Gigue K574 and the emotional, overwrought B minor Adagio K540 were both dispatched with assurance and imagination.

But Varsi's evident ability to characterise short, simple structures did not aid her in the extended opening movement of the Schubert Sonata. Despite well-chosen, uniform tempi and a likeable tone colour, Varsi often lost sight of Schubert's architecture. Crucial passages, such as the increase of harmonic tension that leads into the recapitulation, sounded arbitrary, lacking the necessary sense of inevitability any structural argument must carry. This rhapsodic, occasionally over-pedalled reading might be explained as a Schumannesque view of Schubert's harmonic procedures, but in the romantic slow movement (which carries the strongest pre-echoes of Schumann) Varsi chopped the tempestuous middle section into a series of short, choppy phrases, that again failed to make any cumulative point.

The steady figuration and rhythmic momentum of the finale naturally enabled her to give a more cogent performance, and here Varsi's range of colour and balanced sense of phrasing came into their own. Overall, one got the impression that the splashy, poorly contoured playing of certain sections will clarify once this artist takes the time to consider the musical content away from the many manual and technical problems Schubert presents.

This feeling was reinforced by the altogether more satisfying playing after the interval. Six of Chopin's Etudes Op. 10 were given strong, unsentimental readings, obviously considered and arrived at over a long period of time. Debussy's early *Suite Pour le Piano* was enjoyably projected with bold colours and nicely defined dynamics: the verve and relaxation of the playing in these works indicated that Varsi is more at home in the French than the Viennese repertory.

Wigmore Hall

Coull Quartet by DAVID MURRAY

Within a few years, Britain has come out in a rash of bright young string quartets. One of these is the Coull Quartet. On the basis of their recital on Saturday, one would judge them more enterprising than secure, more committed than polished. *Their musical ensemble is consistent*, their joint execution variable.

In Haydn (op. 76 No. 5, in D) the collective Coull tone was notably warm and full, in a reading direct and purposeful enough to cajole one's preference for a leaner sound in this music. Only in the final Presto did the extra weight seem a hindrance. In both the subsequent pieces, a certain bottom-heaviness was more obstrusive —the quartet boasts a particularly strong violist in David Curtis, and against the viola-and-cello pair in Coull violins are a little under-nourished. The technical hazards of Janacek's 2nd Quartet, which audibly taxed them all, exposed that rudely; its great spread chords suffered (and pitch was shaky). The dramatic spirit of the work was certainly present, but its surface can be more ingratiating. I must add, though, that the fraught dance-echoes in the latter movements were realised unerringly.

Beethoven's op. 95 Quartet, the F minor "Serioso," set a substantial challenge, not fully answered. Ideally it requires more precise unison playing at speed than they could always manage, though the general effect was plausible. The finale diminuendo of the *Allegro con brio* was delayed too long, so that the end seemed an abrupt accident; the first fugato of the Allegretto, and the Trio of the Scherzo, were delivered without conviction. Otherwise the dark intensity of the work was well maintained, with many perceptive details held nicely in scale. *Sharper technique will brighten* the promise of this team.

Odeon, Hammersmith

Genesis by ANTONY THORNCROFT

Apparently almost three quarters of a million people applied for tickets for the current Genesis tour which arrived in London on Thursday. A good proportion of this number seemed to be crammed into the Odean, syncophants to the man, happy to re-live the past decade with the three strong group (plus two paid supports on drums and bass) who were once famous for being from Charterhouse and are now celebrated as perhaps the leading Art Rock band still in business, with the A perhaps standing for "A" level—the intellectual background of most of their fans.

It could easily apply to *Artifact*, because Genesis have remained faithful to the theatrical approach to rock. Although without the 50 strong travelling crew which used to accompany their world tours Genesis can still grab the eye as much as the ear. On Thursday the excerpts from "The lamb lies down on Broadway" climaxed with some of the prettiest mauve smoke I have ever seen

There was also music, which is perhaps harder to take seriously. There can be no doubting the musicianship of Phil Collins on vocals and the occasional drums, Mike Rutherford on guitar and Tony Banks on keyboards, and they were well filled out by a couple of Californian pros. But too many of the melodies promise much and deliver little. Genesis appeals to the mass brought up on rock but wanting something more challenging. The intimations of contemporary classical music (if there can be such a thing) are apparent.

Even so in their own portentous terms a Genesis concert is quite an experience as it rambles over nigh on three hours. The audience is so committed that Phil Collins can, and does, address them like an embarrased unmarried uncle forced to amuse a gang of children, putting on a funny voice

SOCCER BY TREVOR BAILEY

Setback for the Liverpool machine

ALTHOUGH THE odds on Liverpool achieving the double by retaining the League Championship and winning the FA Cup remain very bright, a number of obstacles still need to be negotiated, including Manchester United, still pursuing them in the League, and Arsenal, in the semi-final of the Cup.

On Saturday Liverpool experienced one of their rare setbacks. They not only lost to Tottenham Hotspur, whom they outclassed in their previous encounter, but United closed the gap at the top to four points by winning 2-0 at Selhurst Park.

They have the chance to reduce it further and could statistically be level on points at the end of the week. Admittedly, this is unlikely to happen because United would have to win away at Nottingham Forest, never noted for their generosity, and beat Liverpool at home, while the Merseyside machine would also need to lose to Stoke.

Even though Dave Sexton's team gave a thoroughly professional performance and exploited the tactical naïvete of the comparatively inexperienced Palace, they seldom suggested more than being well organised and competent.

They have an efficient and well disciplined rearguard, a busy midfield foursome, which includes two basic wingers in Coppell and Thomas, and a sharply contrasting double spearhead, comprising the tall strong Jordan and the small chunky Macari.

The efficiency of the United back four was best illustrated by the way the threat from Walsh and Flanagan was obliterated after the first quarter of an hour, in which only the timely intervention of the admirable Buchan prevented disaster. The United defence soaked up the pressure throughout the first half, and the longer the game progressed, the less likely it seemed that Palace would score.

The difficult point lay in deciding to what extent the home side's failure was due to lack of ability and how much to the defensive skill of their opponents? The answer was a combination of both.

Palace were not as incisive as usual, gave the ball away too often, especially in the second half, and were not sharp enough in the box.

However, United deserve much credit for stopping them playing as well as usual and for never losing sight of the fundamental that matches are won by teams who take their chances.

Although the visitors created far fewer chances than their opponents, they scored two fine goals. The first was started by their left back, the impressive Albiston, carried on down the left wing by Thomas, who provided the perfect centre, and completed by the head of Jordan, who showed the value of an old-style centre forward.

A long, powerful drive from the left foot of Thomas, following another of those neat counter attacks with which they punctuated the second period, settled the issue.

The present Manchester United are a good, mature team, but lack the genuine class of Liverpool, or the Forest of last season. Coppell, Wilkins, McIlroy and Thomas have considerable skill, but not as much bite as the Liverpool half-back line. Macari has lost some of the pace which made him such a fine lead forward and, though Bailey had a good game and has conceded only 26 goals in 34 matches, one still has the feeling he might make a vital error.

However, there is no gainsaying of the strength of that back four and the superb covering of Buchan.

Crystal Palace have every reason to be well pleased with their return to the First Division, where they have established themselves playing stylish football. Although they failed to capitalise on the opportunities they created against Manchester United, they are steadily improving, produce many attractive moves, and in the next season or so, could become one of the finest sides in the League.

They also have Hilaire, who is so brilliant in possession that he can undermine even such a well organised defence as that of United. On one occasion, he evaded three tackles in the penalty area before providing a pass which deserved, and should have provided, the equaliser.

As an unorthodox forward with a roving commission, this small player with outstanding control and balance brings excitement every time he has the ball.

TENNIS BY JOHN BARRETT

Borg faces a difficult year

BY HIS own admission this year, which will include marriage in July, will be a testing one for world champion Bjorn Borg. After seven punishing years of continuous play which, at the age of 23, has brought him a record four consecutive Wimbledon titles, four French Opens, two Italian titles, the WCT championship and, last January, a first Masters crown, this remarkable young Swede has consciously curtailed his programme.

Planning to compete in only eight or nine tournaments to conserve nervous and physical energy for the main targets at Paris, Wimbledon and Flushing Meadow (especially the latter where he has yet to win) and to allow time for those less demanding but more lucrative special events—like the love doubles he will play with his fiancée Mariana Simionescue against John and Chris Lloyd in Battersea Park on May 19—Borg is in no doubt about the difficulty of the task he has set himself. In the past he has thrived on competition; it remains to be seen whether he can peak at the right moments without it.

Perhaps that is why last week he made an unscheduled appearance at Nice in preparation for the first test since those magnificent Masters victories against Tanner, Connors, Higueras, McEnroe and Gerulaitis.

For today in the world's most beautiful tennis setting—the triple-tiered Monte Carlo Country Club which nestles on the slopes of the Alps Maritime above the shimmering blue Mediterranean—Borg defends his title in the Monte Carlo Open, the penultimate event of the eight-tournament WCT circuit which has its finals in Dallas at the end of next month.

Sponsored by Volvo of Sweden, the new supporters of the Grand Prix, this popular Easter festival meeting has attracted an unprecedentedly strong field. Six of the top seven men in the world are competing, two of them, the Americans John McEnroe and Jimmy Connors for the first time.

Last year's finalist Vitas Gerulaitis is seeded four this time and the Argentine left-hander Guillermo Villas is at five, followed by that unobtrusive but solidly successful Spaniard Jose Higueras.

There is depth, too, with the giant Paraguayan Victor Pecci in the same quarter as Connors, whom he beat spectacularly in the Paris semi-final last year, and Manual Crantes of Spain in Gerulaitis's section.

Also there are two tantalising first-round matches which would grace the final of any other tournament — Vilas against the elegant Italian No. 1 Adriano Panatta, and Connors versus his one-time doubles partner the unpredictable Romanian Ilie Nastase.

With leading players' increasing preoccupation with special events this will certainly be the strongest European tournament outside the French Open and Wimbledon, and will afford an excellent opportunity to assess the evolution of the men's game which has reached an interesting stage.

Unquestionably, groundstrokes are being hit earlier and harder than was the case 10 or 15 years ago and the average standard of serving is much improved — both aided by the modern preference for a faster ball.

The factor that facilitates the extra pace with safety off the ground is topspin—a commodity that both keeps the ball in the court with dipping flight and also makes it awkward to attack against because of the way the ball rears up off the court. Nor is it easy to volley against passing shots that fizz and dip.

Borg's natural topspin forehand hit with a semi-Western grip, and his topspin flick on the double-handed backhand, have rewritten the rules and made him almost unbeatable on clay courts. For orthodox players the length of drives is important; anything short can be punished. But Borg's high, fast-kicking drives, hit with a huge margin of error, often land around the service line.

Anyone trying to come to the net against them must first time the bucking ball cleanly (no easy task in itself) and then face either another dipping ball on the volley or a fast spinning lob. If the opponent decides to stay back he cannot hurt Borg without taking tremendous risks, and thus he often destroys himself through frustration.

Inspired by Borg's successes and mindful that the majority of tennis today is played on slow courts, more and more adopted topspin as a basic style.

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Telegrams: Finantimo, London PS4. Telex: 8954871, 883897
Telephone: 01-248 8000
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Politics and shipbuilding

ONE OF the reasons why nationalised industries are so difficult to manage—and why the job of managing them is so unattractive—is that they are subject to constant political interference. The authority of management is undermined by open or, more often, behind-the-scenes pressure from Ministers and civil servants. This has happened as much under Tory administrations as under Labour ones. The result is poor morale, more difficult labour relations and a feeling of impotence on the part of those who are trying to run the business and to work out a sensible strategy for the future.

BP solution

Is the present Conservative Government likely to be any better in this respect than its predecessors? Judging by recent statements from Sir Keith Joseph, Secretary for Industry, on the subject of British Shipbuilders, one cannot be optimistic. There is talk about preparing the ground for partial de-nationalisation, whether through a BP-type solution or through selling off the profitable naval yards. Ministers are said to be anxious to make decisions on these matters within the next few months, since it will take two years to get the necessary legislation through Parliament.

Is there any reason for this activity other than party political dogma? The shipbuilding industry, which has had to contend with an extraordinarily difficult adjustment to drastic change in world markets, has been battered by political dogma for most of the past decade. The run-up to nationalisation lasted a very long time, partly because of the precarious position of the Labour Government. It was complicated by peripheral arguments over, for example, whether ship-repairing should be included or not. One result was that the man chosen to run British Shipbuilders lost patience and decided to pull out. The internal efficiency of the industry was undoubtedly damaged during this period of uncertainty.

Now one may question, as we did at the time, whether nationalisation provides an appropriate framework in which the problems of a declining industry can best be tackled. But the fact is that shipbuilding was nationalised, that British Shipbuilders now exists, that a large amount of capacity has been cut out with a remarkable degree of harmony and that, helped by a modest recovery in demand, the business appears to be moving in the right direction—though it is still a long way from viability.

If this improvement is to be maintained, the new chairman and chief executive—the present incumbents are due to be replaced within the next few months—will need not only management skills of the highest order but also some assurance of political stability. The experience of British Steel is a warning of what can happen when an industry is bedevilled first by threats of nationalisation and de-nationalisation and then by erratic intervention on the part of Ministers.

Unsaleable

In any case talk of de-nationalisation at this stage makes no financial sense. It will be a good many years before British Shipbuilders makes the kind of returns which would be attractive to private investors. No doubt the naval yards could be sold off, but the Government would then be left with an unsaleable rump; the task of restoring the industry as a whole to profitability would be made all the more difficult.

The long-term objective must be to have in the UK such shipbuilding capacity as can compete in world markets on a commercial basis, without support from the taxpayer. The Government should appoint the managers, set them financial targets (which should provide for a tapering amount of support from public funds) and let them get on with the job. It may be that to reach the objective the managers will need to sell off or shut down some yards, form joint ventures with the private sector or specialise in particular types of ship: but that should be their responsibility, not that of the Government. The timetable within which to achieve viability has to be a political decision; once made, it should be adhered to. But the Government should not allow the desire to meet its manifesto commitments as quickly as possible to override the need to provide a stable environment in which the problems of the shipbuilding industry can be tackled.

Props for the Swiss franc

FOR SIX MONTHS, Switzerland has been fighting an uncharacteristic rearguard action to support its currency. The latest move came on Friday with the announcement that the Swiss National Bank was prepared to intervene heavily to prevent the Swiss franc falling below a publicly-set "floor" against the Deutsche Mark.

Experience

The Swiss probably have more experience than anyone else of battling with the trials of an over strong exchange rate. But now the authorities are vexed with the problem of shoring up a currency that has weakened significantly as a result of sharply higher interest rates abroad and a worsening inflation and balance of payments performance at home.

The fall over the past few weeks, coming only around 18 months after the currency was driven to unprecedented peaks in autumn, 1978, has caused some fundamental reappraisal of the Swiss franc's role in the more tightly managed system of floating exchange rates that has been loosely evolving over the past year and a half.

The central bank's announcement that it intends to intervene to stop the Duetsche Mark rising above 95 Swiss centimes appears to mark a further stage in the franc's general integration into the general bloc of European currencies grouped around the D-Mark. Switzerland has always been reluctant to align itself directly with the European Monetary System or its forerunner, the European "snake." It feared, with some justification, that formal intervention obligations would force upon it unwelcome economic policies and a loss of monetary autonomy.

It has tried insulation—but it has not worked. In a world swept by increasingly volatile capital flows, the authorities have now come to terms with the reality that it is impossible to run a monetary policy that does not take considerable account of what is happening outside their borders—in particular, in West Germany, by far and away Switzerland's most important trading partner. In practice, this entails a considerable degree of linkage between the Swiss franc and D-mark exchange rates—which the National Bank has now formalised with the pronouncement of a public intervention target.

The changed intervention strategy has its roots in the National Bank's decision in October 1978, at the height of the dollar crisis, to set a ceiling for the franc against the D-Mark to help dampen extreme upward pressure on the currency. The upper limit was for the D-Mark rate chosen at "well above" 80 centimes. A combination of large scale intervention and the dollar's general recovery kept the franc remarkably stable at around 90 centimes to the D-Mark until last October.

But since then the currency has been weakening steadily, with the decline accelerating this month in the wake of the severe monetary squeeze in the U.S. Over the last six months, the franc has fallen by about 15 per cent against the dollar and 6 per cent against the D-Mark—which itself, has been very weak, falling to the foot of the European Monetary System on Friday. The declining exchange rate and rising prices for oil and other commodities have pushed import prices to a startling 39 per cent above their levels a year ago. This has raised fears that consumer price inflation, currently running at 4 to 5 per cent (against 1 per cent in 1978) may increase further

Interest rates

The Swiss authorities have already taken a number of measures over the past few months to support the franc, including an increase in interest rates and the dismantling of many of the barriers to capital inflows built up over the past five years. The National Bank was actively selling dollars on Friday to defend the new rate against the D-Mark, and succeeded in pushing up the franc slightly. But the authorities are well aware that intervention alone is not enough to bring about a correction in exchange rates once the market has got the bit between its teeth.

Unless the exchange rate pressures ease of their own accord, an essential element of the new strategy may thus have to be a further increase in Swiss interest rates over the next few weeks. However unpopular it may be domestically, Switzerland is being forced to recognise that, with prime rates at 19½ per cent in the U.S., it can no longer be a low interest rate oasis.

GOVERNMENT HELP FOR SMALL BUSINESSES

Support in a time of stress

For the past two and a half years, small businessmen have been assiduously courted by politicians of all Britain's main political parties. Every few months has seen a new announcement of some innovation or reform aimed at making their lives easier at a time of economic difficulty and industrial recession. Every Budget has contained tax concessions aimed at encouraging them and their backers to invest more, and almost every Department in Whitehall has been drawn into policy-making on the subject.

Last week's Budget was no exception: indeed it produced probably the most wide-ranging selection of measures seen since the Labour Government started the fashion in the middle of 1977 when Mr. Harold (now Lord) Lever was appointed Minister responsible for co-ordinating policies on small business.

The motivation that caused Mr. James Callaghan, then Prime Minister, to give Mr. Lever this job was basically the same as the present Government's — despite their different political outlook. At a time of rising unemployment, when there is little prospect of large companies expanding their labour forces, small firms are the main hope for new employment opportunities. They are also needed as seed-corn for future large businesses, for new ideas and for innovation.

The problem is not restricted to the UK. Many other countries—ranging from France and Germany to the U.S. and Japan—are concerned about the future of viable, small businesses and have been urgently drawing up policies to encourage their growth. Some countries, like the U.S., have special organisations to look after their interests (see today's *Management Page*) while elsewhere special financing and other arrangements have been created to channel State help and financial underwriting towards entrepreneurs.

But nowhere does anyone believe that the problem of how to sustain a viable base of small business has been solved. Even in Japan, where there are about 5.4m small businesses employing 32m people, there is concern about whether the right sort of firms are being set up and fostered.

In the UK, according to provisional figures being assembled by a current Industry Department survey, there are 1.3m small businesses employing some 6.2m people. Small firms are defined as those employing 200 or fewer people in manufacturing industry, with comparable size limits for other industries.

In practice this means businesses which are owned and run by only one or two people, and which have a relatively small share of their market. These are the concerns most vulnerable to economic pressures, and especially high interest rates as the present high spate of bankruptcies in the UK has shown.

Indeed, in some countries (including Japan) there is concern about how to differentiate between businesses which are likely to be viable and deserve special support, and those which are inefficient and could be allowed to waste away. Any notion of "picking winners" is of course anathema to the present British Government, but Mr. David Mitchell, the Industry Department's junior Minister responsible for small firms, is considering whether to try at least to assemble some facts on the progress of small businesses by including questions about employment on VAT returns.

Whether his idea will be adopted remains to be seen: at present it is being discussed only tentatively because one of the main thrusts of the Government's policy is to reduce, not increase, the amount of official form-filling imposed on small businessmen.

Measures aimed at cutting down on Government forms have been included in the total of more than 50 initiatives launched by both Governments since Mr. Lever began his work late in 1977. By the time Labour lost last year's general election, he had induced his Government to introduce a series of packages.

Links were also established with other Government policies, especially with the Department of the Environment's efforts to regenerate inner cities. (Mr. Callaghan sometimes stressed that it was this urban problem that made him specially interested in small business.) Partly as a result of this, initiatives have been launched to encourage large companies to help small businesses cope with organisational and other problems.

On a broader front, the present Government has introduced a number of initiatives, quite apart from last week's Budget. There have been general changes in employment legislation, which are intended to be of special help to small businessmen, and company law reforms are being considered to simplify their lives.

The Government has commissioned an inquiry into whether the law should be changed to allow companies to buy back their own shares. It is thought that this might encourage entrepreneurs, traditionally wary of giving outsiders a stake in their businesses, to admit external investors whom they could easily buy out later. Mr. Mitchell is interested in the idea, because it would enable a business owner to realise some of his capital, secure in the knowledge that he could later regain full control of his business.

The Government has also made some progress on the provision of new industrial property. Following publication of a Coopers and Lybrand report last week, it is specially anxious to provide premises of under 2,500 sq ft for new businesses. In the Budget it was announced that, in addition to relaxing some factory planning procedures, and providing fresh industrial building allowance incentives, the Government had authorised £5m for building small premises in assisted areas.

Negotiations are now being finalised with a *handful* of City institutions which are to provide a further £15m so that a total of 1,000 units can be built through the state-owned English Industrial Estates Corporation. This Corporation already has a provisional link-up with Legal and General Assurance to build 300,000 sq ft of factories costing £5m, and both schemes will go ahead once its operating rules are changed by the current Industry Bill to permit it to work in partnership with the private sector.

This is one illustration of the way that City institutions are beginning to respond to the Government's plea that they should take an active interest in small businesses. Another example, is a link-up between the Post Office Staff Superannuation Fund and the Government's small firms' counselling service to help create new businesses in East Anglia and the eastern Home Counties. Negotiations are being completed with an insurance company for a similar arrangement in another part of the country. The counselling service, which has more than 60 centres, vets and advises on potential ventures, and the institution involved provides the investment.

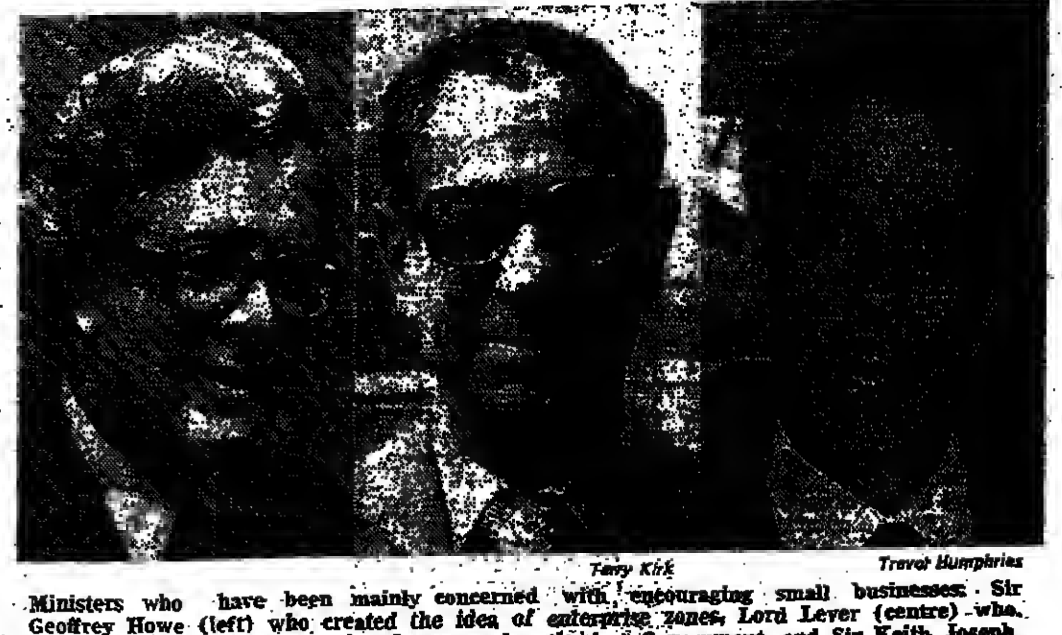
The Government hopes that investment in general will flow more readily to small businesses following last week's fiscal measures which included various capital taxation concessions. *In particular*, concessions for losses when shares are sold in unquoted companies, plus relaxation of interest relief conditions on investments in close companies will, it is hoped, unleash fresh risk-taking finance.

In all, the proposals contained in the Budget's small firms' and enterprise package are estimated to cost the Government about £363m in a full year, plus a further £30m to £35m which Sir Geoffrey Howe insisted on allocating to his own enterprise zone experiment even though some Government Departments thought the money could be better spent elsewhere. (Of the total £363m, some £60m or more is not strictly aimed at industrial entrepreneurs because it has been allocated to giving self-employed people improved tax relief on their pension contributions.)

In general the Budget has been enthusiastically welcomed by organisations representing small businesses, although some wanted more concessions on capital taxation and more help for institutional investments. There are also continuing calls for State subsidies to encourage clearing bank and pension fund lending.

But despite the Budget and all the activity since Mr. Lever started work, it is still the country's basic economic problems that dog small businesses. Most of the measures of the last two years have tinkered around the edge of a problem that will not be solved until interest rates are reduced and there is general economic recovery. *What the activity has* achieved, however, is that small businesses are now operating in a much more sympathetic climate than they were three years ago.

John Elliott


Terry Kirk Trevor Humphries
Ministers who have been mainly concerned with encouraging small businesses: Sir Geoffrey Howe (left) who created the idea of *enterprise zones*, Lord Lever (centre) who, as Mr. Harold Lever, was in charge under the last Government, and Sir Keith Joseph, *Secretary for Industry*.

Focus on an enterprise zone

"STAINLESS STEEL: *Made in Sheffield*" is perhaps the proudest hallmark of the British steel industry. It is therefore all the sadder that Attercliffe, the heart of this industry, should have been shortlisted as an enterprise zone in need of special assistance.

Despite its local reputation as an area of intensive heavy industry, now in some decay, Attercliffe was until 10 years ago a district where factories abutted terraced housing and where a pub might offer a view of farms on the hill.

The farms were the first to go and now almost all the housing has been swept away. According to Mr. Peter Shireby of Sheffield City Council, the population of the area fell from at least 20,000 at its peak to 2,200 by the end of 1978. The housing clearance programme will reduce the population to around 400 by the middle of 1981. Only one terraced street will be left standing, apart from rows of shops and the occasional pub.

Attercliffe apparently owes its name to the otters which swam down the River Don, around which the community was built. It is set in a valley, sandwiched on the west by the austere-sounding Grimesthorpe and Pitsmoor, on the east by the more sweetly-named Greenland and Brightside. It is close to the centre of Sheffield and occupies an area of 2,285 acres, according to the council map. Only 500 acres of this will be designated an enterprise zone under the Chancellor's scheme.

The traditional industries of *Attercliffe are undoubtedly in* decline and the high street of the town testifies to its deterioration. One in every two shops is boarded up, the only department store in the area closed a few weeks ago and the cinemas and theatre have all now shut their doors.

Four new industrial estates are strung along the north-west flank of the area and almost all other available industrial properties are being negotiated. Of the existing and proposed industrial estates in Sheffield, the bulk (55 acres at the last count) are in Attercliffe and another 39 acres border the area.

Property values *have* risen sharply. The average price for an acre of Sheffield property was about £10,000 a few years ago but the council is now asking £47,000 an acre and private sellers are seeking up to £200,000 an acre.

The explanation is not hard to find. Attercliffe has excellent communications, being a few miles from the M1. It is now almost a "green field site," since virtually all housing has been razed, and it is therefore fairly cheap to build on. Sheffield itself is about to be categorised as an non-assisted area, which may indicate the extent of the improvements already carried out in the city.

Labour in the area is undoubtedly available but the city's unemployment rate is around the national average and not comparable with, for example, Teesside and South Wales. *Even if* more *employment* were to be created in the district, it would hardly revive the shops and service industries which depend on a resident population that has now departed for good.

Complaints about Attercliffe centre not on the current tax burdens, which would be eased in an enterprise zone, but on the weight of local bureaucracy. The Sheffield office of the Industrial and Commercial Finance Corporation has provided £5.3m of funds for local industry during the past year, the bulk of it in Sheffield itself. The main grouse of Mr. Peter Folkman, its manager, is what he calls the "hassle factor" of local authorities.

For example, a lease can be agreed before a building is erected, but it is not signed until later. The ICFC therefore finds it almost impossible to arrange collateral for construction finance.

The enterprise zones are designed to remove or streamline "administration of certain statutory or administrative controls." The example of Attercliffe suggests that this may be a more useful function than the alleviation of tax.

One local industrialist complained that, when he had wanted to move his factory, he had been offered three impracticable sites: opposite an abattoir, a factory making *by-products* of the abattoir and a horse-slaughterer's. Only by chance did he find a site in Attercliffe.

He also believed that foreign investment was given preference. Referring to one factory, he said: "Because there was Japanese money behind it, that place was up before you could sneeze."

Attercliffe is not short of industry. British Steel Corporation, Johnson Firth Brown and Hadfields all have substantial operations in the area. Smaller companies in related businesses are either there already or springing up. The residential wasteland cannot now be reclaimed, so the question is whether the industry which is to be attracted by the development zone will have better short-term prospects than the existing steel-related companies.

John Makinson

MEN AND MATTERS

Samaritan in the Deeside desert

I must confess my mind went briefly blank with disbelief on hearing the steel workers of Shotton described as "brimming with goodwill." But my cynicism was promptly over-ridden by the Rev. Michael Williams, industrial chaplain for North East Wales. "There is tons of goodwill," he insisted, "and what makes me really sore is that the men here take such a lot on the chin without really complaining and without much in the way of constructive reward."

He has many bitter experiences of what he about to see happen to his stoical parishioners. Like an old soldier recounting his wartime memories he rattles off the list of past campaigns in his native Wales: "I've seen it before in Ebbw Vale . . . Newport, British Aluminium and at Pilkingtons in Pontypool."

Now on gloomy Deeside, Williams chuckles reflectively at suggestions that Jonah-like his very presence may have something to do with the industrial troubles he has seen, and ponders hard on how he can best brighten the prospects for the 8,000 about to be made redundant there by British Steel, GKN and Courtaulds, and the effects of a 30 per cent male unemployment rate in Flint town by the end of April.

Out this weekend and already in free distribution is his "survival kit." Compiled from official handouts and his own files and experience, the kit aims to guide the newly-jobless out of depression and back into work. Covering everything from writing job applications, preparing for interviews to setting up small businesses and fending off the "sharks" who prey on men with redundancy cheques in their pockets, the first edition of 500 was produced *with funds* scraped together from the church and a few donors.

Sadly, the goodwill of this campaigning parson and that of the men he aims to help has not yet been given tangible recognition by those best able to offer it. He hopes, however, that his pilot project will now prompt the local authorities and industries finally to stump up the £1,300 he needs to run off a second edition of 5,000.

"Would you accept payment in soya beans?"

Lind's swan song

The landscape of Britain and modern history books are scattered with impressive memorials to Peter Lind, a Danish civil engineer who founded a company here under his name in 1915. Mightiest among them stand the Post Office Tower, Waterloo Bridge and D-Day memories of the Mulberry barbours — all monuments to Lind's early specialisation in reinforced concrete.

But, director John Bird tells me, 65 years' expertise and experience stood for nothing in the face of inflation, environmental lobbyists and the intractable geology of the Thames Valley which forced Peter Lind and Co under last week with creditors' claims for almost £3m and the loss of 500 jobs.

The killer contract was a river straightening and flood alleviation scheme undertaken for the Thames Water Board which was plagued with major problems from the time the pile drivers moved in and local residents rose up in rebellion over the bang and clatter.

The board is now left pondering *ruefully* over what might have been and the plum job it has left on the riverbanks. "Just before we ceased trading," says Bird, "our tender list was the best we had seen for two or three years. With most of the problems solved on the river, whoever picks up the rest of the contract will have a sweet run at about a quarter of a million's worth of straightforward work."

Last of the Raj

This is a sad Monday for old India hands. The last support of the once mighty "steel frame"—the pet name for the Indian Civil Service established by the British—goes into retirement. He is Nirmal Mukherjee, retiring with the rank of Cabinet Secretary, and closing the book on the impressive history of the old ICS.

Mukherjea is the last of the 416 ICS officers who were the prime movers in the administrative machinery left when the British quit in August 1947, and who helped develop today's administration from that tiny nucleus. Just before the British withdrawal there were some 2,000 officers still on the ICS roll; but numbers shrank rapidly as more than three quarters packed their bags and left for home in Britain, or where their hearts lay, in Pakistan.

Apocalypse live

Better known for his craft in producing dramatic movies in the vein of The Godfather and Apocalypse Now, Francis Ford Coppola at the weekend displayed hitherto unsuspected expertise in the field of comedy. The scene was set outside the floodlit Capitol building in Madison, Wisconsin. The star was California's governor Jerry Brown who was bidding with Coppola's artistic help for votes in today's primary. The medium was a 30-minute live commercial, whose message, I regret, was somewhat blurred.

The gremlins attacked on the word "Action!" and local viewers boggled as Brown's face alternately dissolved and reassembled on their screens. Although dressed in shirt, tie and trench coat, he appeared at times in a dinner jacket, at others in a dog collar.

Fine in concept, but disturbing in execution, Coppola's background of a giant screen showing scenes of American genius also did little for the Brown charisma. Thus, as the man-who-would-be-president steamed through a lecture on reindustrialising the U.S., viewers' eyes and minds were seduced by images of a half-naked astronaut cavorting weightlessly inside Skylab.

Then there was trouble with fire. How dramatic, thought Coppola, to warm the audience at the address with wood fires and at the same time tellingly illustrate Brown's commitment to renewable energy resources. How unfortunate then, that thanks to the drizzle, Coppola's shots of the crowd went over the air as surreal smudges of steam and smoke.

As one present was heard to comment: "I sure hope while Brown's out exploring the universe (one of his campaign slogans) we have someone else down here running the Government." Not Mr. Coppola, I assume.

Frankly speaking

From the house magazine of a Birmingham company: "He said in his opinion the loss of such an important overseas contract was the worst disaster that had befallen the firm since he became its managing director in 1974."

Observer

FINANCIAL TIMES SURVEY

Monday March 31 1980

ITALY

The latest fall of government brings further political deadlock in a country which seems to live in a state of perpetual crisis. Though there has been weak government and dire problems in industry, Italy has brought its balance of payments back to surplus. But scandals, violence and high unemployment will test Italian resilience in the 1980s.

CONTENTS

Elusive search for stability

By Paul Betts

"THE CRISIS is the most serious aspect of the emergency," a leading Christian Democrat politician roared from the rostrum at his party's recent national congress. Or was it: "The emergency is the most serious aspect of the crisis"?

The word crisis has become a commonplace in Italy. It appears, alongside other suitable and ingenious synonyms, practically every day on the front pages of the country's newspapers. It is on State television news practically every night, although it is never quite clear what it refers to: political violence, an air traffic controllers' strike, a financial scandal, the breakdown of talks between Communists and Christian Democrats, a 20 per cent annual inflation rate, or a dustbin workers' strike in Naples.

But most Italians seemingly have continued to go about their daily business in the normal way. The street cafes are full and the tables are already being put out on the piazzas for the tourists to take advantage of the spring sunshine. Scares over oil and petrol supplies have done little to dampen the exuberance of city traffic.

Yet although Italians appear to have become used to living with the annual agony of Government crises, sporadic street rioting and more regular terrorist shootings, with strikes and scandals and a wasteful system of thousands of state bureaucracies, a sense of real anxiety is now beginning to creep in.

It stems above all from the country's increasing state of political uncertainty and unease. The general election last June and its inconclusive result has made Italy that much more difficult to govern. The minority Government of Christian Democrats, Liberals and Social Democrats—formed after two months of painstaking all-party negotiations last summer—has just collapsed.

The fall of the minority government of Sig. Francesco Cossiga has now opened the way for the country's 39th government crisis in barely 35 years. With every new government crisis the political deadlock seems to grow.

Interlude

Sig. Cossiga's administration was to have acted as a Government of interlude to give the country a period of political truce until a more stable governing formula was found. Insead, it fuelled even further tensions between and within the various Italian parties. Negotiations have now started to find a viable alternative to take the place of the Government which collapsed two weeks ago.

Sig. Cossiga, asked by President Sandro Pertini last week to try to form a new Government, is now attempting to put together a Centre-Left coalition to include the Christian Democrats, the Socialists and the Republicans. It would mark the return of the Socialists in Government after their break with the Christian Democrats in 1974. Such a coalition, unlike the previous minority Government, would have a majority in Parliament.

The trouble is that Italy has been unable to find a lasting political compromise between the Right and the Left enabling the political parties to alternate in power or join in emergency coalitions at times of serious difficulties. This has meant that since the country became a republic after the 1939-45 war it has been effectively governed by one single party, the Christian Democrats.

In turn, this long-ruling party, which through the lack of any solid opposition has inevitably tended to abuse its position of power, has been forced in recent years to concentrate largely on a broad policy of survival to maintain its lead, however tenuous, over its rivals, particularly the Communists.

By any standards, it has succeeded in this task remarkably well. Since 1963, its electoral backing, averaging 38 per cent, has not moved by more than a range of one percentage point in five general elections. And the underlying reason for this impressive record of survival has not been so much good government—indeed, the party has been blamed universally for the country's corruption and history of misgovernment—but because it traditionally has been and continues to be seen as the country's main anti-Communist shield.

An attempt at collaboration was made between 1976 and the beginning of last year. It led first to the Communists indirectly supporting a minority Christian Democrat government by abstaining in parliament and subsequently to its direct support in the parliamentary majority of a Christian Democrat administration. But it collapsed when the Communists insisted on their direct representation in government with Cabinet Ministers which the ruling party flatly rejected.

The Communists have again called for their direct participation in a government of "national unity" to tackle effectively the country's growing difficulties. But the Christian Democrats at their national congress last February firmly opposed any collaboration in government between the two parties. So everything has returned to square one and there is seemingly again no way out of the present deadlock as the smaller Socialist Party, which currently holds the key balance of votes in parliament, are themselves split between either joining in coalition with the Christian Democrats or pressing for a Government which includes the Communists.

However, it would be misleading to pin the entire blame for this unhappy situation on the Christian Democrats. Undoubtedly they share a large part of it, as indeed the Socialists whose internal rifts and ineffectual role in the Centre-Left coalitions of the 1960s were instrumental in enabling the Communists to become the main party of the Left in Italy. But the Communists too have much to account for.

Ambiguous

In the last 10 years, which effectively have seen the electoral transformation of the Communists into a governing party, the Communists have failed to dispel doubts over their democratic reliability. Instead, they have maintained an ambiguous approach, dictated largely by the need to hold their electoral appeal both with the party's traditional hard Left and the young at the same time as making inroads among moderate voters. The party's ties with Moscow and its conflicting "Eurocommunist" commitment have reinforced the doubts.

This ambiguity has cost the party dearly. Its attempts to show its democratic respectability have alienated a growing number of young Communists and hardliners who regard the leadership's policies as a betrayal of the party's revolutionary origins. In the June elections this was translated into a four percentage point drop in votes to 30 per cent, representing the party's first major electoral setback in more than 30 years.

These difficulties in finding a lasting political formula to give Italy stable government are at the base of the country's growing economic and social problems which, in turn, are at the root of the political violence that has afflicted Italy during the past decade.

Nonetheless, Italy has managed to cope much more successfully with its economic problems than with its political ones. Since its last currency crisis in 1976, Italy has gradually cleared all its international debts and brought its overall balance of payments back to substantial surplus. And its official net reserves have risen to a record level of nearly \$40bn. Despite the occasional wobble, the lira has been remarkably stable, while the economy grew by between 4.5 per cent and 5 per cent last year, representing one of the biggest increases in growth of any major European country.

But this impressive turnround in the country's economic fortunes is largely the result of skilful management by the monetary authorities and the continuing booming performance of Italy's myriad small and medium-sized manufacturing industries concentrated in great part in the industrial north.

However, these significant results are only part of the story. Retail price inflation is now running at an annual rate of more than 20 per cent. The threat of an energy crisis has become very real to a country which currently relies on oil imports for as much as 75 per cent of its annual energy requirements. Export competitivity is slowly being eroded.

The official rate of unemployment is rising well over the 7 per cent mark with more than three-quarters of the total made up of young people under the age of 30. The rift between the rich industrial north and the poorer south is widening. Large private and State companies are now facing dire financial and structural problems. And all the basic weaknesses and distortions of the country's economic system at large persist.

Recovery

During the past two years, attempts have been made to introduce a medium-term economic recovery programme. This is intended to correct the structural imbalances of the economy, modify the inflationary aspects of the threshold payments system, enhance the productivity levels of industry, reduce the ever-expanding public sector borrowing requirement, and increase the efficiency of public administration.

But these attempts have invariably been shelved because of the failure of the political parties and the trade unions to reach consensus, reflecting the country's state of near-permanent political turmoil.

The recent theatrical rash of financial and political scandals has done little to build public respect for the country's basic institutions but instead has led to an increasing feeling that these institutions are now breaking up. In turn, this whole atmosphere has helped to provide the sort of atmosphere in which political violence thrives. Despite a recent spate of police arrests and signs that the security forces are now beginning to make some inroads with their anti-terrorist investigations, the statistics of crime and violence continue to add to the general mood of anxiety.

Against this broad background, the outlook for Italy in the 1980s appears increasingly gloomy. Until now, the country has shown a remarkable resilience and capacity to get itself out of its jams. But the challenge today is far greater and time is running out.

This task will not just require correction of the so-called "errors" but also recognition and provision for the legitimate goals and aspirations of a generation which increasingly feels itself removed from the men in power. It will require the re-establishment of public respect for the institutions of state, not least for parliament and its politicians, and a government working efficiently and seen to be free of corruption.

In the end, any longer-term solution can come only from a constructive dialogue between the Left and the Right, or more specificaly between Communists and Christian Democrats. But such a dialogue at this particular moment of political tensions and confusion, seems remote.

BASIC STATISTICS

Area	301,260 sq km (116,317 sq m)
Population	56.7m
GNP	L220,599bn
Per capita	3,890,442
Trade (1978)	
Imports	L47,836bn
Exports	L47,488bn
Imports from UK	£1.175bn
Exports to UK	£1.769bn
Currency: Lire	£=L1,919.25

Economy sliding back into old habits

THE STORM clouds are once again gathering over the Italian economy. After a steady recovery from the 1974-1976 financial crisis, last year was perbaps the most successful year for the country since the far off days of the "economic miracle" of the 1950s and early 1960s which helped propel Italy into the leading rank of industrial nations. But with the speed that always marks economic developments in Italy, things are changing for the worse, as all Italy's familiar long-standing difficulties re-emerge.

Inflation, baving dropped to the respectable level (by current standards) of 12 per cent at the end of 1978, is now running at well over 20 per cent on an annual basis. Interest rates have gone up sharply in the latter part of 1979, and the signs are that further rises in key lending rates, and perhaps other forms of credit curbs, are on the way. Nonetheless, mutterings are abroad about the possible need for a further downward adjustment of the lira, after a year of surprisingly untroubled membership of the Europeao Monetary System.

The trade balance which, according to Istat, the national statistics institute, was in rougb balance in 1978, bas begum to deteriorate sharply. For their part major companies are again complaining about low productivity, soaring unit outpnt costs and diminishing competitivity abroad.

Complaining

All this too, at a moment when the prospects of a solution to the country's chronic political deadlock look dimmer than ever. Yet without that solution, wbicb would inevitably bring with it a change in the presently unco-operative attitude of the main trade unions, no serious effort to tackle the country's embedded structural problems is feasible.

And yet, if economic crisis there is to be, at some point this year or early next—and all the indicators would suggest that a rough ride is on the way—then the country is in many respects better equipped to face it than in the past.

Unlike at the worst point of the 1976 upheavals, wben net reserves at one point fell to barely $500m, the Bank of Italy today sits atop one of the most imposing gold and convertible currency stocks in the industrialised world. Italy is the fourth largest bullion holder in the West, with around 2,500 tonnes and its worth bas been pushed up enormously by the doubling of the gold price in the past year to aboun $650 per oz. Currency reserves top $10bn. With such ammunition, it is not surprising that the Central Bank is firmly against e devaluation of the lira.

The astounding transformation of Italy's external finances in the past four years owes much to the skill and determination displayed by Dr. Paolo Baffi, Governor of the central bank for that period before bis resignation last September. The broad strategy, which external eveots favoured, was to allow the lira to depreciate slightly against the currencies of key export market countries in Northern Europe, while appreciating against the dollar, with which Italy has to make payment for the raw materials on which it is so beavily dependent.

Today, bowever, that policy is in trouble. The steep rises in oil and other commodity prices bave been compounded by the new strength of the dollar, following the upward leap in domestic U.S. interest rates.

Even so, after a monetary payments surplus of L7,000bn ($8.43bn) in 1978, and one of L1.672bn ($2bn) in 1979, the consensus of expert opinion is that Italy will be in balance, or even slightly in surplus, once again on its current account this year.

If that is the case, much of the credit will have to go to tourism, which, after a depressed period in the mid-1970s, yielded an estimated foreign exchange income of up to $7bn last year, and for which forecasts are of a further buoyancy in 1980.

Despite inflation, Italy remains one of the best-value-for-money holiday buys, while revenue from tourism more than covers the country's annual trade deficit on food and provides as much foreign exchange as the most successful industrial export sector, clothing and textiles. The 1.5m jobs it directly or indirectly generates are vital to prevent the country's unemployment from rising further above the current official rate of over 7 per cent.

Vintage

But the reason why 1979, despite the steady acceleration in inflation which it witnessed, will go down as one of the best economic vintages of recent years, lies in the fast growth which Italy managed alongside its payments stability. Gross Domestic Product last year defied repeated forecasts of a slowdown, to advance in real terms by almost 5 per cent. If 1979 inflation of 19.8 per cent is geared in, the country's money Gross Domestic Product is likely to come out for 1979 at around L1,275,000bn ($330bn), compared with L220,000bn in 1978.

It was the fastest expansion of any major EEC country, and the early signs are that the boom was continuing in the early stages of 1980—again in defiance of all predictions. Confindustria, the employers federation, is expecting industrial output to advance by 2.9 and 2.3 per cent respectively in the first two quarters.

This overall picture, however, masks an apparently permanent divergence within industry between the larger groups faced with serious productivity problems, and burdened by the high cost of money (at the start of March tbe banks "prime" rate was 19.5 per cent), and the myriad small and medium sized industries, largely self financed and very flexible.

These last then merge, of course, into the celebrated Italian submerged economy, which does not sbow up on the official statistics at all but which prompted Istat to revise upwards by 10 per cent its figure for total national output in 1978. It is the smaller companies which dominate the sectors in which Italy's foreign trade has traditionally flourished: textiles and clothing, shoes, and to a lesser extent engineering prodncts. There is another sector to be added perbaps, that of jewellery, literally a cottage industry, which generated net exports in 1979 of an estimated L3,000bn ($3.6bn).

But it is the essentially artisan nature of this production which makes some observers wonder if Italy is not gradually drifting into the European equivalent of a "third world" aconomy, of relatively low technology and very labour-intensive.

As always in Italy, two apparently contradictory realities exist side-by-side. It is equally true that some of the country's automotive, engineering and machinery concerns have invested as much as their foreign competitors and are technologically the match for anyone. Nonetheless it is a disturbing fact that researcb and development spending in Italy, at least thet part publicly backed, is lower tban in any comparable industrial country.

Predictions

At another level there is the abiding problem of energy, or rather the lack of it. Italy's net oil and petroleum products bill, according to the letest figures from ENI, the State energy agency, topped L11,000bn ($13bn) in 1979. The latest OPEC price increases will push that figure to perhaps $17bn in 1980, although the figure obviously depends on just bow much the expected economy slowdown bites. Official predictions are for growth of up to 2 per cent in 1980. In the meantime, little bas been done to implement a nuclear power statibn programme, to whicb there is little realistic alternative if Italy is to cut its 75 per cent dependence on imported oil.

The medium term energy outlook is just one of the reasons which made one distingulsbed Italian economist comment recently that the problem "is not 1980, but the 1980s"—in other words that even the Italian genius for defying economic laws which operate elsewhere cannot indefinitely hold the line.

Energy is just one of the structural problems which will not go away: others include the Scala mobile system of wage indexation, which means that price rises are effectively built into the system and the enormous public sector deficit, this year likely to top L40,000bn ($48bn) or 14 per cent of GDP.

Both these latter ills reqnire a new political settlement for their resolution. Both are prime reasons why inflation in Italy is so hard to eradicate. But in their separate ways both are part of a delicate political compromise which in fact already exists in the country. Both also explain why in spite of widely pnblicised crises, the real purchasing power of Italian workers, and private consumption in general contioues to rise.

In a nutshell, indeed, they explain why the gloomy statistics presented by international bodies say one thing about the Italian economy, and evident prosperity, and lavishness of the goods in the shops, say quite another.

Rupert Cornwell

ECONOMIC INDICATORS

(1975 = 100)

	Industrial prodnction (excluding construction)	Earnings/wages per bead	Unemployment	Wholesale prices	Consumer prices
1976	111.6	120.9	115.9	123	116.8
1977	111.6	154.6	125.6	144	138.3
1978	113.8	179.6	127.7	156	155.1
1979	122.5*		138.0	181	178.0

* Estimated. Source: OECD and IMF.

At last a long-term plan for energy

ENERGY, COUPLED with the country's failure to control inflation, undoubtedly represents ona of Italy's single biggest economic problems. For years, the country's political uncertainties have taken their toll on energy policy. Not only has there been no coberent effort so far at political level to tackle tha problem in the longer term, but decision making in the two main State energy industries—Ente Nazionale Idrocarburi (ENI) and Ente Nazionale per l'Energia Elettrica (ENEL)—has sufferad from political indecision and the abaence of general political consensus over a national energy programme.

Although Italy since the last enargy crisis in 1973 has managed to cope with its energy problems by relying on what bave largely been day-to-day policies, the latest energy crisis could clearly have major repercussions for a country which relies on imported oil for about 75 per cent of its overall annual energy requirements. Indeed, the recent increases in crude oil prices are expected to see a rise in Italy's oil bill from some $10bn last year to about $17bn this year. Moreover, scarcer world oil supplies risk exacerbating the problem by causing major shortfalls in Italy's annual oil import needs in coming years.

Black-out risk

Faced with the growing risk of serious energy black-out towards the end of the decsde, Italy has finally drawn up a 10-year energy plan aimed at guaranteeing the country adequate electricity supplies through the construction of a series of nuclear, hydro-electric, thermal, turbogas and geothermal plants. The programme, approved by the country's Inter-Ministerial Council for Economic Planning, Italy's highest decision-making institution, at the beginning of this year, envisages the doubling of Italy'a present annual electricity capacity to 75,000 MW by 1990.

It will see during the first fiva years investments by ENEL of some L20,600bn, or the equivalent of about $25.5bn, for the construction of five twin-reactor nuclear power stations with an overall capacity of 10,000 MW, coal-fired stations with a total capacity of 13,500 MW, hydroelectric plants of 1,800 MW, turbogas stations of 1,130 MW and geothermal plants of 100 MW.

For Italy, which is extremely poor in indigenous energy supplies, the 10-year plan will gradually reduce the country's heavy dependence on imported oil. Together with the substitution of coal for fuel oil in a nnmber of thermoelectric plants, the plan aims at reducing the oil quota of the primary sources used to generate electric energy from about 75 per cent to just over 40 per cent by the end of the decade.

The most controversial and crucial aspect of the plan is the introduction on a commercial scale of nuclear energy, which, according to the Government, is essential if Italy is to tackle its longer term energy problems. To this end, the Government organised a three-day conference on nuclear safety in Venice in a major effort to win over the country's anti-nuclear lobbies and obtain general political consensus for its nuclear programme.

Altbough after the Venice conference the main political parties and the trade unions still seemed lukewarm over the construction of nuclear plants in Italy, the Government appears—at this stage at least—intent to go ahead with its nuclear programme.

One important step has already been taken to advance the nuclear programme. This consists of a major industrial agreement between tbe State-controlled mechanical engineering and energy group, Finmeccanica, and tbe Turin-based Fiat private conglomerate, signed in February. The agreement, aimed at rationalising the Italian nuclear industry, will now give Finmeccanica overall leadership in the nuclear sector in Italy.

Finmeccanica has acquired a majority sbareholding in the two companies, which up to now had been jointly owned by the State group and Fiat, controlling the U.S. Westinghouse pressurised water reactor (PWR) licence in Italy. The agreement thus gives Finmeccanica, which already owns a General Electric boiling water reactor (BWR) licence througb its AMN-Ansaldo subsidiary and controls nuclear activities in advanced, heavy water and fast reactors, overall control of the nuclear energy industry.

At the same time, although Italy already bas one completed BWR plant with a capacity of 850 MW at Caorso, near Milan, and construction has started on another 2,000 MW BWR twin-reactor plant at Montalto di Castro, oorth of Rome, the Government is expected to opt for a single reactor type for its new generation of nuclear plants. The choice of a single

CONTINUED ON NEXT PAGE

Unavailing efforts to solve the political deadlock

WITHIN TWO months or so Italy will be going to the polls for nationwide regional elections, the third of their kind since the country's regional structure took formal shape in 1970. On paper their purpose will be to choose new regional assemblies, provided for in the 1947 Constitution of Italy. In practice though they will amount to the second round of the inconclusive general election of June, 1979, which, in the words of one battlescarred Italian politcian, "nobody won, but everybody lost."

That election came in the middle of, and failed to settle, what proved to be the most difficut and bitterly disputed Government crisis since the war. It lasted for 193 days, over six months, from the resignation in January of the last Government to have a parliamentary majority, headed by Sig. Giulio Andreotti—until the formation last August of the so-called "truce" administration of Sig. Francesco Cossiga, the 42nd Italian Government since the fall of fascism. The idea was to provide a breathing space in which the various parties could put aside their feuds and work out a more stable formula of Government.

That, however, has not happened, and if Sig. Cossiga lasted longer than deemed likely last August, that survival was only because of the difficulty of agreeing on a replacement. However, the proximity of regional elections precipitated matters, and earlier this month his administration fell.

The origin of today's political deadlock lies in the collapse in January, 1979, of the understanding between the Christian Democrats and the Communists, the two largest parties, commanding the support of almost 69 per cent of the electorate. But the stalemate also reflects the growing, helpless, frustration at the country's failure to evolve an "alternacy" of power. Alone, or with a variety of Centrist allies—differing combinations of Liberals, Social Democrats, Republicans and Socialists—the Christian Democrats have been in power without interruption since 1945.

Scandals

The attendant evils of this lack of change are well known: a string of scandals, the erosion of both State and Parliament, and proliferating political interference in areas where politicians would not normally intrude. But the exasperation also shows in the steadily increasing average length of each Government crisis, culminating of course in the six month hiatus before agreement in extremis on Sig. Cossiga's minority Government. Each new stopgap expedient becomes harder to devise.

At the heart of the dilemma lies the Italian Communist Party, the largest in the so-called "Euro-Communist" Parties, with over 30 per rent of the popular vote. The enduring refusal of the Christian Democrats to allow the Communists alongside them into Government has meant in effect that there are two theoretical possibilities open: either the Centre-Right or Centre-Left solution of the past, or the outright electoral victory by the Left. But this "51-per-cent" solution is both rejected by the PCI itself, and in practical

Sig. Francesco Cossiga (seen here with Mrs. Thatcher at the Prime Ministers' conference in January) is now both caretaker Prime Minister and Prime Minister designate following the fall of his government two weeks ago

terms is inconceivable.

Only for one period, between the 1976 General Election (which saw PCI support at its post-war high-water mark of 34 per cent) and the collapse of fourth Andreotti Government in January 1979, did a new departure—however faintly—seem possible. That the possibility subsequently vanished reflects two factors: the inherently unnatural nature of any alliance between the two biggest parties, and the death of Sig. Moro at the bands of Red Brigade terrorists in May 1978.

Ironically, his kidnapping came on the day of the parliamentary vote launching that Andreotti administration, formed on Christian Democrats alone but resting for the first time in 30 years on a parliamentary majority including the Communists. The shared horror at the outrage tightened the temporary bonds of one of the largest majorities ever constructed to support a democratic Italian Government. But Sig. Moro's murder eight weeks later marked the end of hopes for an enduring "accommodation" between the two parties.

The former Prime Minister, in the rare position of undisputed leader of his party, had won an unprecedented degree of trust from the Communists. In return, he convinced his own party of the need for an understanding with the largest party of the Left if the required economic and social reforms were ever to be achieved in Italy. He managed to reconcile the irreconcilable in a way unmatched by any other Italian politician, in part by holding out a tantalising vision of what might be, in words which could be, and indeed still are being, interpreted in totally different ways according to the recipients' point of view.

But almost as soon as it began, the strange allianre was starting to crumble. Swiftly the Communists realised that they had achieved that fatal political combination of responsibility without real power. Their electorate became disillusioned, their militants (vital for the functioning of any party) disgruntled at the apparent sell-out of the PCI's commitment to radical, if not revolutionary change.

For the Christian Democrats, temptation to cash in swiftly on the troubles of their old enemies was coupled with the nagging fear of the inherent dangers to themselves of an alliance with the Communist Party, whose advance they were supposed to be resisting. In the end both sides sharpened their stance. The Communists demanded immediate Ministerial posts in a Government of National Unity, the Christian Democrats refused. The June 1979 election was the consequence, but predictably failed to provide a clear-cut result.

Grudging support

While the Christian Democrats held fast at 38 per cent, the Communists dropped 4 per cent to 30 per cent. But once again the balance of power remained with the small intermediary parties, and above all with the Socialists, whose grudging support in one form or another was essential for any administration without the PCI to survive in Parliament. Thus it was with Sig. Cossiga last August, and esseotially the situatioo remains the same today. In the meantime attitudes on all sides have hardened, while the East-West crisis has made a Communist entry into Government less likely than ever.

Officially, the party is intensifying its pressure for an early realisation of the "historic compromise." If it is not permitted into Government, the PCI is threatening to be more awkward in opposition. In fact, though, the Communists are probably best served where they are, certainly up till the regional elections if not beyond. At the same time the strains on detente after the Russian invasion of Afghanistan have made it harder than ever for the party leadership to hold its troops together and enter a Government which inevitably would be under severe pressure to take a highly Atlanticist line. Already militants have expressed concern at the anti-Soviet line taken by Sig. Enrico Berlinguer, the PCI Secretary.

Much the same argument works in reverse for the Christian Democrats. Italy's international alignment with the West is hard to square with the idea of Communists, however moderate their intentions, in Government. The signs are, moreover, that electoral support for the PCI is still tending to slip. These factors contributed to an important Rightward shift in the party's stanre at its recent congress in Rome.

A majority of delegates ruled out in advance the idea of any deal to permit the PCI into Government. The change has been reflected in the new Christian Democrat leadership. Instead of Sig. Benigno Zaccagnini, close to Sig. Moro, as Secretary there is Sig. Flaminio Piccoli, much less disposed to a deal. Sig. Piccoli was replaced as President by Sig. Arnaldo Forlani, former Foreign Minister and one-time protege of the veteran anti-Communist Sig. Amintore Fanfani. To round matters off, the new Deputy Secretary is Sig. Carlo Donat Cattin, another staunch anti-Communist.

Ultimately though, the fate of Sig. Cossiga has lain in the hands of the Socialists, and unreliable hands those have proved. Were it possible to ensure a firm deal, on whatever terms, between Christian Democrats and Socialists, Italy's political impasse would be largely solved.

With 9.8 per cent of the popular vote, the Socialists hold the balance of power and yet the division within Socialist ranks, a microcosm of the wider deadlock in national politics, is today deeper than ever. The party is divided into two nearly equal factions. The Right is led by Secretary Sig. Bettino Craxi and is ready to do a deal with the Christian Democrats to exclude the Communists (preferably with Sig. Craxi as Prime Minister). The Left insists that if the Communists are not permitted into Government, then the Socialists, the other party of Italy's historic Left, should join them in opposition.

The split is the San Andreas fault of Italian politics, and it is made yet more dangerous by the natural habit of the two major parties to exploit the Socialists' internal division for their own ends. Such manoeuvering, for example, lay behind the "scandal" over allegedly irregular commissions paid by ENI, the national energy agency, on its now suspended Saudi Arabian oil deal.

By mid-March the Socialists agreed that Sig. Cossiga should be brought down. But what would happen thereafter was impossible to predict. By barring Communist ministers, the Christian Democrats have called the bluff of the Socialist Left. But is the new leadership under Sig. Piccoli any more ready than its predecessor to give up the Prime Ministership, for the first time in 35 years, to a Socialist? Even if it were, would the Socialist Left go along?

These are the calculations which now have to be made by Sig. Piccoli and it is not surprising that many people think an early General Election is the most likely outcome. This, in any case, would not displease the hardliners on the Christian Democrat Right, who feel they might manage a knockout blow to the wobbling Communists and what better dress rehearsal than the regional elections?

Rupert Cornwell

Plan for energy

CONTINUED FROM PREVIOUS PAGE

reactor type is in large measure dictated both for reasons of safety and to integrate the Italian nuclear programme with those of France and West Germany. This could mean that the Government could favour the PWR system for the country's new generation of nuclear plants.

However, the nuclear programme, if it finally takes concrete shape, is largely regarded as a longer-term solution to the country's energy problems. In the short term, Italy will inevitably still continue to depend heavily on imported oil and coal, since the country's hydroelectric and geothermal primary sources are already being exploited nearly to full capacity. Sig. Antonio Bisaglia, the Industry Minister, recently said annual coal consumption was expected to increase from 600,000 tonnes last year to about 5m tonnes over the next five years. At the same time, ENI, the State hydrocarbons agency, would continue in its world-wide efforts to secure new oil and gas resources.

But the recent difficulties in securing oil supplies provoked a major scare in Italy at the end of last year, worsened by the decision of the Saudi Arabian oil company, Petromin, to suspend all direct oil supplies to ENI because of a scandal involving alleged and so far unsubstantiated reports of an irregular commission paid in connection with a 12m-tonne, 30-month direct oil supply between Petromin and ENI. Indeed, last December the Italian authorities estimated the country could face a shortfall of some 25m tonnes in oil supplies this year, or the equivalent of a quarter of Italy's overall oil needs for 1980.

Repercussions

Faced with a shortfall which could clearly have had acute repercussions on the country at large, the Government acted promptly to secure additional oil supplies. Following the decision to ease Government price control on oil products in Italy to enable the country to compete for scarce supplies of crude, the major international oil companies are now returning to the Italian market. And according to the Industry Minister, this measure has helped to reduce the estimated 25m tonne oil shortfall this year to about 8m tonnes.

Moreover, Italy recently signed an important agreement with Venezuela to increase oil imports from Venezuela to 2m tonnes this year, or four times more than in 1979, which has further helped to reduce the 1980 oil shortfall to 3m tonnes. The agreement also envisages in coming years further increases in Italy's direct oil imports from Venezuela to 5m tonnes or even 10m tonnes.

At the same time, the Italian authorities are also seeking to promote barter deals whereby Italian technology, goods and services are exchanged for guaranteed access to Middle East crude. Only recently, Sig. Gaetano Stammati, the Italian Foreign Trade Minister, reaffirmed the need for Italy to iocrease exports of techoology to oil producing countries in return for oil to ensure the country with adequate oil supplies in coming years. He also said the Government would boost its political initiatives in oil producing countries to support Italian exporters.

But the most important real project of Italian energy policy is the pipeline now under construction to bring natural gas from the Algerian desert through Tunisia and across the Mediterranean to Sicily and to the Italian mainland. Gas is scheduled to begin flowing from the 2,500 km "Trans-Med" pipeline next year. Delivery in the first year is planned to be 3.95bn cubic metres, rising to 7.37bn cubic metres and 10.52bn cubic metres in the second and third years, reaching 12.36bn cubic metres in the fourth year, or in 1984.

Paul Betts

Trade deficit contains warning signals

ITALY'S TRADE outlook looks increasingly uncertain. The first warning signals have already come with the recent publication of official statistics showing an overall trade deficit of L4,725bn (£2.37bn) last year compared to a total deficit of only L363bn in 1978.

Moreover, the deficit has continued to grow, with a January deficit of L1,134bn following deficits of L1,719bn and L1,448bn during the two previous months respectively.

The underlying reason for this marked deterioration in the country's trade balance has largely been the increased cost of oil imports. Italy's oil import bill rose by between \$2bn and \$2.5bn between 1978 to 1979 to more than US\$10bn. It is now expected to rise even further this year to a total of around \$17bn.

This substantial increase in the country's oil bill has all but eclipsed the continuing and indeed remarkable export performance of Italy's manufacturing industry. Despite losing some competitiveness over its European competitors last year as Italian export prices rose by 19 per cent compared to an average increase of 13 per cent in other industrialised countries. Italian exports in real terms rose by 9 per cent in 1979 compared to a real increase of 7 per cent in overall world trade.

But Italian trade officials are now concerned over the repercussions the decline in Italian export competitivity could have at a time of general contraction in world trade. Until recently, the fall in competitivity of Italian exports had to a great extent been camouflaged by the decline of the U.S. dollar. By steering the lira on a middle course between a declining dollar and appreciating hard European currencies, the monetary authorities had been able to reduce the effective cost of raw materials (paid in dollars) while stimulating export performance in Italy's traditional West European markets because of the competitivity of the lira against the hard currencies of these countries.

Even when Italy entered the European Monetary System last year, the monetary authorities were able to continue to manage the lira on a downward float because of the wider band granted to the Italian currency.

But this wider band is unlikely to help the lira for much longer if inflation continues to accelerate at the current annual rate of more than 20 per cent.

With further increases in oil prices expected in the near future, deteriorating world trade prospects coupled with the growing competition of Third World and East European exports, and the current uncertainty in world currency markets, the Italian authorities are keenly aware that the prescription must lie in improving the productivity of Italian industry and reducing labour and money costs.

Consensus

However, such measures require broad political consensus and the introduction of a longer-term economic recovery programme. In unchanged circumstances, the prospects of introducing such a programme and winning the co-operation of the key Italian labour unions appear dim. All this has forced the authorities to seek over devices to enhance the country's export performance and reduce its burden of oil imports.

To this end, the Italian foreign trade ministry is pursuing its policy of promoting increased Italian exports of technology, equipment and services to oil-producing countries in barter deals whereby Italian goods are exchanged directly for crude. A number of such deals are now being negotiated including one for the sale of Italian naval vessels to Iraq and another for the sale of Italian technology in exchange for Venezuelan crude.

Italy's policy has been to place the emphasis heavily on those industries—both large and medium-sized, public and private—operating in key sectors such as petro-chemicals, energy, and civil engineering in which domestic market demand is slack and indeed has little scope at this stage of expansion in Italy.

While the emphasis has largely been on the Middle East in view of Italy's heavy dependence on oil imports, which currently account for as much as 75 per cent of the country's overall annual energy needs, Italy has continued to seek greater penetration in East European markets and now also China. Only two weeks ago, increased economic collaboration between Italy and the Soviet Union was examined in Rome during a series of informal consultations between Mr. Vladimir Sushkov, the Soviet Deputy Foreign Trade Minister, and representatives of the Italian government and of Italian state and private companies.

The Soviet Minister was in Rome to sign a major new \$1.5bn 10-year collaboration agreement between Moscow and the Montedison chemicals group which is, among other things, to build seven new chemical plants in the Soviet Union for a total value of \$800m. But the Soviet Union is also understood to be negotiating with Fiat over the construction of a new car assembly plant to produce a new model for the Soviet Union to replace eventually the Moscovitch. Moscow is also reported to be interested in Fiat machine tools and Fiat construction and agricultural equipment.

But the Soviet visit was on the whole played down because the Italian Government, officially at least, has had to adopt a cooler approach to its formal relations with Moscow following the invasion of Afghanistan. Nonetheless, the visit suggests that Italy intends to maintain and indeed enhance its trade with Moscow.

With annual trade exchanges of some U.S.\$4.5bn, Italy is currently one of the Soviet Union's largest trade partners in the West. And although the Italian Government indicated it had suspended earlier this year negotiations with the Soviet Union for a new \$1bn Italian export credit line to Moscow, there are signs it is considering reopening these negotiations as soon as possible.

Italy, which is also keen to maintain good relations with the new government in Iran, also appears prepared to supply Iran with spare parts for a number of military helicopters built under licence in Italy and sold to the former regime of the Shah.

At the same time, Italy has also renewed a series of important export credit lines to a number of East European countries, including East Germany. It also agreed to extend a \$1bn eight-year credit to China to promote a series of important ventures now being negotiated between the two countries. The most important is a \$600m deal for the construction of tractor, manufacturing plants in China by the Fiat motor group.

To further boost export performance, Italy has now completed the setting up of a modern system of export credit facilities. Until a few years ago, export credit facilities were seriously limited in Italy compared with other industrialised countries. And despite the traditional obstacles of Italy's chaotic public and bureaucratic life, the new Italian export credits guarantee department, incorporated in the SACE and Mediocredito agencies, has substantially raised annual lending ceilings for medium and short-term credits.

Moreover, by rationalising and accelerating the system of granting State insurance guarantees and enabling Italian companies to bid for international contracts in dollars, the authorities have now made it easier for Italian exporters to compete with bids from other OECD countries.

Paul Betts

TRADE

	Exports* (fob)	Imports* (cif)	Balance of payments on current account
1975	34,824	38,364	− 555
1976	36,924	− 43,268	−2,855
1977	45,036	47,556	2,470
1978	55,956	56,364	6,395
1979 1st quarter	16,453	16,844	1,081
2nd quarter	16,839	17,726	2,069
3rd quarter	18,154	19,447	

* Excluding re-exports. Source: OECD and IMF.

Scandals rock the banks

By a Correspondent

FOR THE Italian banking system the last 12 months have been a troubled period. A series of complex banking scandals which had been smouldering for several years erupted suddenly on March 24 1979, with the totally unexpected arrest in Rome of one of the most senior executives of the Bank of Italy. In the months that have followed a governor of the central bank has resigned, the chairmen of several other banks have stepped down, others have been arrested. The shockwaves have gone right through the Italian banking community.

These scandals, which have blown up at a crucial period for the system, have become part of the daily fare of Italian newspapers. Complex and sometimes interlocking, they involve power politics in financing political parties and industry, and more than one potential financial collapse. A Cabinet Minister resigned on March 4 after admitting to receiving funds from a construction magnata who in turn benefited from payouts from one of the banks under investigation. The property tycoon, concerned, Sig. Gaetano Caltagirone, is at present abroad, as are his two brothers, evading warrants for their arrest in connection with bankruptcy proceedings.

The banking scandal in which the Caltagirone brothers have been implicated concerns the central financing organ of the Italian savings banks, Italcasse. Over several years up to 1977 Italcasse is alleged to have made unsecure loans, for reasons of political and business favouritism, running into hundred of millions of dollars. Its former chairman, Sig. Giuseppe Arcaini, now dead, has been accused of embezzlement and of operating a political slush fund using Italcasse money which did not figure in the institution's accounts. The Caltagirone brothers were among the main beneficiaries of such loans, and their links with former Merchant Navy Minister Sig. Franco Evangelisti were all the more damaging because of a law intended to abolish private financing of political parties.

On March 4 the controversial magistrate investigating these scandals, Sig. Antonio Alibrandi, ordered the arrest of 49 banking and business personalities in connection with the Italcasse affair. Not all of the arrest warrants could be immediately put into effect, but the 38 bankers and businessmen arrested that day included numerous chairmen and ex-chairmen of provincial savings banks, who had all at one time served on Italcasse's Board, and businessmen who had obtained loans from Italcasse.

One of the industrialists financed by Italcasse who was not immediately traced by police was Sig. Nino Rovelli, the former proprietor of the once flourishing SIR chemicals group. It was Sig. Alibrandi's investigations into SIR's finances which prompted him to order the arrest on March 24, 1979, of the Bank of Italy's deputy director general Sig. Mario Sarcinelli. For months, SIR had been teetering on the brink of bankruptcy, and the manner in which it had obtained large State-subsidised loans in the past had become the subject of a judicial inquiry. The magistrate accused Sig. Sarcinelli of withholding details of a central bank report which was relevant to the magistrate's investigations.

Sig. Sarcinelli was released from prison 12 days later, but not before a national uproar had broken out over the magistrate's accusations against him and the bank's internationally esteemed Governor. Sig. Alibrandi had announced that he would have Dr. Baffi arrested as well, but for the latter's age, on suspicion of concealing evidence that might have reflected adversely on him in his brief role as vice-chairman of IMI, the bank which was the main source of State-subsidised loans to SIR in the early 1970s.

Both men strenuously denied the accusations, which were given little credence in banking and political circles. To many people, the affair appeared to be a subtle attempt to undermine the authority of the central bank, one of Italy's few respected public institutions.

But as Dr. Baffi and his aide strove with anguish and bitterly wounded pride to defend themselves and the integrity of the central bank in the months that followed, the repercussions of the affair reverberated throughout the Italian banking system. Many major Italian banks were at the time struggling to reach agreement on plans to salvage SIR — and other debt-ridden industrial groups — from threatened collapse, and the doubts and soul-searching tension created by the judicial action only worsened the difficulties they were facing.

Months later the appeal court ruled inadmissible the accusations against Sig. Sarcinelli.

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Pressures behind foreign policy

IT IS frequently and unkindly observed that Italy bas no foreign policy—but that is not strictly correct. The country does have a foreign policy, and one which events are obliging it to assert more vigorously. But it is in both the nature and delicate balance of its politics, and a consequence of its bistory and geography that that policy is not pressed as forcefully as in the case, say, of France.

Since the fall of Fascism and the end of the last war, the cornerstones of Italy's foreign policy have been broadly three: membership of the Atlantic alliance and NATO's integrated military structure, a place from the ontset in the European Community, and close ties with the United States. But the pressures of other factors and the propensity of almost every Italian politician to look first and always to his domestic power-base bas meant that the country has rarely in the modern world exercised an influence commensurate with its rank as sixth (or even fifth) Western industrial power.

Despite its unshakeable place within the Western bloc, and increasing strategic importance within NATO, Italy is home of the West's largest Communist party—and one wbich for the last five years bas been knocking at the door of Government. Its trading and economic ties with the East are substantial, while geography and climate have always tended to pull the country southbwards away from the continental heart of Europe towards the Mediterranean. Italy looks towards the Arab and oil producing world inevitably from a closer standpoint than its northern EEC partners.

The need to reconcile formal external obligations with the realities of internal politics, and to protect economic interests beyond the power bloc to wbich it belongs, has also contributed to the softly stated nature of foreign policy. These opposing pressures also explain why Italy has always placed so high a priority on East-West detente, if only to allow tbe bard choices to be avoided.

Today, however, there are signs of change, not just with regard to the Alliance and NATO, where obviously defence and military considerations are deeply involved, but within the EEC, of which Italy is President until July.

Unlike Britain, Common Market membership is universally favoured by Italians and their parties (including the Communists). More than 80 per cent of the electorate voted in the first direct elections to Strasbourg last June. For Italy, EEC membership bas always been important as visible proof that the country belongs to the European mainstream, and a bulwark against its being lured southwards into the bad old ways of the Mediterranean.

Moreover the industrial markets opened up by the Treaty of Rome have contributed greatly to the transformation of the country since 1945, while the Common Agricultural Policy —if opinions differ on whether Italy is a net beneficiary or not —has undoubtedly helped in diverting wealth to the still backward farm sector.

Unquestionably however, Italian leaders are taking a more jaundiced view of the EEC as it currently operates. If its role as President means that the country has to spend much of its time acting as honest broker in the efforts to secure a compromise on the issue of the Britisb budget contribution, Italy too is now pressing for change.

The watcbword in Rome is "convergence" — i.e. European policies which employ resources towards levelling out the present disparities between the ricber Community members and the poorest ones like Italy. Thia would entail cbanges in the CAP to give greater aid to Southern Mediterranean products, and a greater empbasis on the hitherto neglected regional policy, of which Italy should be a major beneficiary. If constant Government crises distract the politicians' attention, there is nonetheless a developing nuclaus of top officials to support a coherent and more aggressive policy stance.

Decisive factor

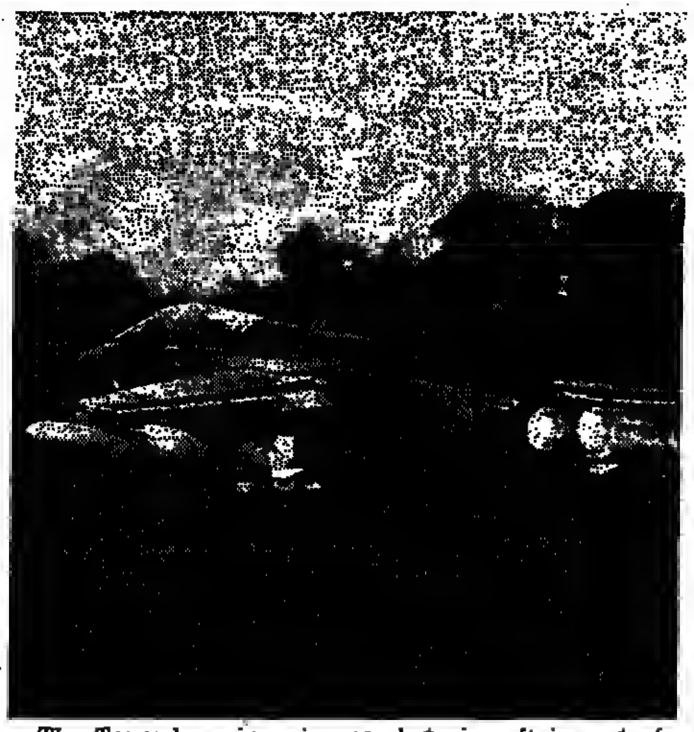
At the same time, events in the wider world bave sharpened the country's defence and military stance—and were probably also the single decisive factor behind the recent decision of the Cbristian Democrat Congress to bar the doors of government to the Communists for the foreseeable future. The new attitude was plain, even before the crisis in East-West relations provoked by the Soviet invasion of Afghanistan.

At the beginning of December, Parliament approved the Government's decision to agree to the siting of 108 cruise missiles in Italy by 1982 as part of NATO's programme to update its theatre nuclear weapons in Europe — despite sustained Communist opposition. Still earlier, the country had embarked on an overhaul of its armed forces, which will see a costly modernisation of the air force and the Navy in particular.

By 1981, the first of the Anglo-German-Italian Tornado multi-role combat aircraft will be entering service to replace some of the F-104s now in service. A new short-range and battlefield support aircraft, the AMX, is also planned to take over from the ageing Fiat G-91. The Navy too is being remodelled around a nimble high-fire-power fleet consisting of destroyers, guided missile frigates and hydrofoils. It will complement the beavy battle-groups of the U.S. Sixth Fleet based at Naples.

Hitherto, Italy baa had defence on the cheap, and counted it well down its list of social and political priorities. But in 1979, military expenditure rose by more than the 3 per cent in real terms prescribed by NATO—even though, at L 5,119bn (£2.9bn), or 2.5 per cent of GDP, it was low by the standard of countries like Britain.

The internal political chaos of Turkey and the withdrawal of Greece from the integrated NATO military structure have increased its importance on the southern flank of the Alliance. The Soviet naval build-up in the Mediterranean has inevitably concerned Italy, bounded on three sides by that sea.



The Tornado swing-wing combat aircraft is part of the planned facelift for Italy's armed forces in the 1980s

Finally, of conrse, there has been the disappearance of Tito in Yugoslavia, bordering with Italy and astride the Gorizia Gap, the traditional gateway through wbich invaders from the East bave passed into Italy.

Italian defence experts, as those elaewhere, do not see a military threat from that direction, and are as confident as anyone that post-Tito Yugoalavia will resist the Soviet Union as stoutly as before. The fact remains bowever that it is in North-Eastern Italy where the main operational units of the Italian Army, highly integrated into NATO, are based, and where the U.S. itself has air bases to matcb its naval facilities at Naples.

When the Afghan crisis broke, Italy's solidarity among the Western allies to Washington was exceeded only hy Britain. And the U.S.'a appreciation—and concern to belp shore-up a very wobbly Government—was reflected in the warmth of the welcome extended to Prime Minister Francesco Cossiga when he visited President Carter in January.

Since then bowever, the Government baa moved more cautiously and carefully in step with its European partners. The issue of wbether to participate in the Olympics has been left to the Italian National Olympic Committee, while the trade retaliation urged by Washington has been only partly carried ont. A planned expansion of export credit facilities to Moscow to $1bn bas been put on ice, but many other contacts bave been going ahead.

In the end, the most important repercussions for Italy of the worsening in East-West relations will probably be internal. While the Government baa been obliged to nail its colours to the Western mast more clearly, the Communists bave been pleading for what they call "equidistancy" between the blocs—a rejection of the Soviet aggression in Afghanistan coupled with an equal rejection of U.S. retaliation.

Even this balancing act however bas failed to remove the deep internal strains within the party, discussed elsewhere in this survey. It bas also underlined jnst bow Italy, thanks to its domestic politics, serves as a sounding board for detente.

Rupert Cornwell

Bank scandals

CONTINUED FROM PREVIOUS PAGE

wbose position at the central bank had been severely damaged by tbem. But in the meantime, Dr. Baffi, embittered and wounded, had accelerated a decision to retire, and the chairmen of several medium-term credit banks which bad lent money to SIR, inclnding Sig. Giorgio Cappon of IMI and Sig. Franco Piga of ICIPU, resigned after being implicated in the magistrate's investigations.

Whatever tbe outcome of these inquiries, into what now is past banking history, the Italian banking system is having to grapple with a daunting legacy of bad debts piled up by a number of major financial groups. A banking consortium to salvage the SIR chemical group finally got off the ground last winter, after a year and a half of difficult negotiations. But bargaining over a similar rescue operation for the Liquichimica chemicals gronp, otherwise threatened witb bankruptcy, is still going on.

Tarnish

A banking consortium has been formed to finance the recovery of the Pirelli tyre and cables group, whose debt problems are small by comparison with those of SIR and Liquichimica, and similar plans are being finalised for Montefibre, the synthetic fibres subsidiary of the Montedison group, and Snia Viscosa.

In the long run the Italian banking system seems strong enough to withstand the losses that will be involved in such operations. But in the short run the scandals over Italy's past banking management can only tarnish the image of Italian banking abroad, and both Prime Minister Francesco Cossiga and Treasury Minister Filippo Pandolfi have been at pains to assure the international financial community that the current judicial inquiries imply no doubts about the present solidity of the nation's banking system.

On a political level, however, the Italian banking scene remains fraught with difficulties. Tbe top posts of banks under public control, including the savings banks, have to be filled by Government nominees, and more than 60 local savings banks are without chairmen or hava presidents whose term of office has expired. In the case of the savings bank of Ferrara, the most extreme example, the chairman's term of office expired nearly 13 year ago.

On a technical level, by contrast, improvements are gradually being made in a system characterised by its unwieldiness and cumbersome administration. Italy bas more than 1,000 individual banking institutions, including several bundred rural hanks often with only one branch, and regional fragmentation is a harrier to a streamlined banking system. But tbe past year has seen progress in the development of Italy's financial markets, which are still rudimentary by comparison with those in the world's main financial centres.

Strict curbs on the growth of commercial loans are holding down the banks' lending business, and a downward squeeze on interest rates cut into profits in 1979. For many of the foreign banks which are recent newcomers to Italy, last year's results are likely to compare unfavourably with profits of a couple of years earlier.

Bnt an embryonic money market is baginning to develop, fostered by the Italian monetary authorities, who are only too aware of the need to finance a colossal public sector deficit. Private investors bave recently become aware of the tax and interest advantages of investing in Treasury bills, and a surge of private demand for such paper at tbe start of this year led to an anomalous drop in yields and temporary confusion on the secondary money market.

A society under threat of violence

AT 11.30 am on February 12, Prof. Vittorio Bachelet, vice-president of Italy's Higher Magistrates Council, the supreme controlling body of the country's judiciary, was shot down by Red Brigades terrorists in the beart of the Rome University campus, where he was to give a lecture.

Without a doubt it was the most serious terrorist challenge to the State since the kidnapping and murder of former prime minister Sig. Aldo Moro two years ago.

Prof. Bachalet's assassination was the climax of an ontbreak of political violence statistically without precedent in recent Italian history. Within the first six weeks of 1980, 11 people died at the hands of terrorists, ordinary police patrolmen, a senior Carabinieri officer, company executives and the Christian Democrat president of the Sicilian region were among the victims.

Scarcely a day seemed to go by without a sudden interruption of the main morning radio news bulletin for a first fragmentary report of a new ambush. Tha favourite time for an attack is about 8.30 in the morning, as the target leaves his bome to go to work.

Prof. Bacbelet's death, bowever, appeared to lift the threat on to a new plane. As the effective top-ranking magistrate in Italy (bnt with mainly titular functions) he was a svmbol of the country Institutions, and the consternation of tbe politicians and government was commensurate with his importance.

Sombre pomp

Yet tha thousands of newspaper column inches devoted to the ontrage, the alarmed editorials, the sombre pomp of Prof. Bachelet's funeral have failed to mask one thing: that the worst of the threat posed by terrorism to Italy's institutional fabrics may possibly oe over.

In one way or another, the country has survived the death of Sig. Moro, a man wbo was tha embodiment of hopes for the grand alliance between Catholics and Communists, and far from being politically divisive, a common aversion to terrorism is perhaps the strongest single hond hetween otherwise fragmented political parties, trade unions and other social groups.

Moreover as terrorism hrutalises, it erodes its own influence. Today it is a familiar part of the Italian social landscape. People have learnt to live with it, and with every new outrage the shock inevitably becomes less.

The 11 deaths so far this year compare with 44 for the wbole of 1979—two-thirds of them police and carabinieri officers—and 37 the previous year. Even so the casualty list is considerahly shorter tban for the two other terrorist hotspots of western Europe, Northern Ireland and the Basqua country.

Nona of this is intended to minimise the dangers of terrorism, or to rule out in advance the possibility of a new outrage so huge as to upset the present complicated equilibrium of Italy — or still less to suggest that it will rapidly die out. It is just to observe that today terrorism is perhaps a less potent, less explosive ingredient in Italian life.

In many respects indeed it would be astonishing if the country did not suffer from this blight. Without question terrorism is a by-product of the revolutions — indnstrial, social, and secular—which have been crammed into the 35 years of post-war Italian history, and of the failure of the country's politicians to adjust to meet the changing times.

Two factors, to an extent overlapping, bava in the view of expert observers contributed to the development of terrorism on the far Left—whicb has taken over from the Right as the ideological mainspring of political violence since the early 1970s.

The first is the disillusioned Left-wing Catholicism, frustrated at tha inability of the Church to lead the way in desired reforms. The secood is a growth of a political vacuum created to the Left of the Communist Party as the PCI leadership, in its attempts to secure the "bistoric compromise" with the ruling Christian Democrats, has adopted an ever more moderate stance, and abandoned in practice if not in theory its revolutionary origins.

The first factor is the background of Renato Curcio, the early leader of the Red Brigades, now in prison, and of Professor Toni Negri, of Padua University, under arrest and interrogation in connection with charges that his was the guiding hand bebind most of recent terrorism in Italy.

The second, almost certainly, underlines the wave of shop-floor violence, particularly in cities sueh as Turin with a huge—and largely immigrant—urban proletariat, employed by major concerns like Fiat.

Whatever tba fragila optimism that terrorism's potency may have passed its zenith, there is no real signs that the police are gaining the npper hand lo the hattle to stamp it out. Despite a string of arrests of leading wanted terrorists, and a tongh

Annabelle Schild is reunited with her mother, Mrs. Daphne Schild, this month, seven months after Annabelle and her father and mother were kidnapped at their Sicilian holiday home

new anti-terrorism law voted through Parliament by a record majority, the security forces are fighting a hydra: for every bead cut off, a dozen smaller ones grow in its place.

Kaleidoscope

Complicating the task still further is the fragmentation of the enemy, the random nature of its operations, and the kaleidoscope of differently named organisations, whicb carry out tha attacks. Without donbt many of them are linked, but a cellular structure bas now been developed which makes it very hard for the police to use one suspect as a means to progress up the ladder to the top.

Then again, what of the foreign connection of Italian terrorists? President Pertini is hut the most eminent public adherent to the theory that mnch of Italian terrorism is foreign directed, and certainly Italy is not without ties to the international network embracing Palestinians, IRA and so on. But it is likely that the internal complicities surrounding Italian terrorism are rather more important.

One expert has estimated that the bard core of clandestine extremists may be no more than a 100 or two: but then there are so-called fiancheggiatori the sympathisers, who are to be found, if constant allegations are to be given credance, among the magistrates themselves, and within the police and the Justice Ministry. It is, moreover, well-nigh impossible to draw the line wbere extreme Left-wing politics, as instanced, say, by the autonomist movement, end and violent extremism hegins.

But in the last year or so, another element has emerged to muddy the waters still further: the increasing overlap between political and common crime. Ordinary criminals have found advantage in confusing the police by hiding behind spurious political labels, while evidence is mounting that the Red Brigades and others use kidnappings and other crimes to finance their own activities.

The confusion was epitomised by the killing of Sig. Piersanti Mattarella, Christian Democrat head of the Sicilian region, in Palermo last January, amid mystery over wbather political terrorists or the Mafia were responsible.

Inevitably, terrorism has tended to overshadow other organised crime in Italy, but that too remains a growth industry. Kidnappings, for example, continued last year at more than one a week, and since police began seriously to chart the crime in 1960, it is estimated that the equivalent of more than £150m has been collected in ransoms.

Dragnets

Sophisticated quasi-industrial techniques are increasingly being used, and from its origins in Sardinia and the south, kidnapping has spread the length and hreadth of the country.

For example, by mid-March Annabel Schild, the daughter of the British businessman Mr. Rolf Schild, had spent seven months in the hands of Sardinian bandits before she was released — and various special laws and police dragnets have failed to curb the expansion of the crime.

A dangerous new ingredient has been stirred in, as well, by the rapid growth of illegal foreign immigrants into Italy wbo, in turn, have probably helped the development of the hard drugs problem and established their own involvement with political and common crime. For that reason, and very many others, law and order is likely to be a thorn in the side of the Italian anthorities for the foreseeable future.

Rupert Cornwell

Fresh hope for the South

By a Correspondent

A COUPLE of years on, Italy's Mezzogiorno (or Sonth) will receive a mucb-needed economic boost. ENI, the Italian State oil group, is currently at work on a multi-billion dollar pipeline to bring Algerian natural gas across the Mediterranean to Italy. When completed — it is hoped by 1982 —this pipeline will stretch across Sicily and from the toe of Calabria to Bologna in the North. Initial plans are for it to hring 12.5bn cuhic metres of gas a year, hnt there is already talks of douhling its capacity, possihly in connection with supply deals to other countries.

Geographically isolated for centuries from the richer regions of Northern Europe, Italy's Mezzogiorno is still an economically backward area despite the billions of dollars of subsidies poured into it in the past threa decades. Indaed Southern Italy has been tha main single beneficiary of Common Market regional aid.

But despite ambitious highway and infrastructural developments, only limited success has so far been achieved in industrialising the region. The bope voiced in business and political circles is that the gas pipeline will provide a new stimulus for industrial ventures in the areas it will serve.

With a population of 20m in an area, including Sicily and Sardinia, as large as Greece, the Mezzogiorno has for decades been a beadacbe to successive administrations. The grinding rural poverty has been alleviated, but the urban squalor of cities like Naples and Palermo remains a social problem of national proportions.

For years the Government has been trying to lure industrial investment to the Mezzogiorno by offering subsidies and generous tax concessions. State industry has played a leading role in a number of areas, and the Italsider steel plant at Taranto, a large proportion of whose steel pipe production is sold every year to the Soviet Union, is one of the successes of such attempts at industrialisa- of such attempts at industrialisation.

Smouldering

A number of foreign companies have also settled in the Mezziogiorno, particularly in the area south of Rome—where for administrative purposes the region begins.

But average incomes in Southern Italy are still only 60 per cent of the national average, and unemployment remains high at an officially estimated 10.8 per cent compared with the national average of 7.6 per cent. The smouldering discontent of the poor and unemployed in Naples, Calabria and other deprived areas of Sonthern Italy has on a number of occasions burst into vocal—sometimes violent—revolt, and the goal of boosting employment in Southern Italy through new industrial initiatives has become the leit motiv of union negotiations with industry.

Fiat, Italy's biggest private indnstrial gronp, has responded to union pressure with a number of factories in different parts of the Mezzogiorno. Most of them are operating satisfactorily, although Fiat's Cassibo plant south of Rome has been plagued by labour unrest and terrorist-style shootings. Fiat chairman Sig. Giovanni Agnelli, commenting recently on tbe problems of this plant, explained that with its 6,500 workars it was too large to be manageable. A new plant to make vans, which Fiat is currently building in conjunction with Peugeot-Citroen of France, in the Molise region on the Adriatic coast, will employ only 3,000 workers. Scheduled to open next year, this plant is expected to cost around \$250m.

Absenteeism

Labour unrest and frequent absenteeism hava been the bane of another car plant a little further south, the Alfasud plant at Pomigliano d'Arco near Naples, which has become a notorious monument to the problems of industrialising Southern Italy. One of the most modern car plants in Europe, Alfasud employs 15,000 workers and since it opened in 1972 has run up losses of around \$700m. In a hid to cut losses, Alfa Romeo, the State-owned car group which controls Alfasud, is negotiating with Nissan Motor of Japan over a joint project to build a car factory in Sonthern Italy, creating 1,500 new jobs and expanding production of car engines at Alfasud.

Another and even more poignant symbol of the frustration of Southern Italy is Gioia Tauro, a poverty-stricken town on the coast of Calabria, wbere acres of lush olive and citrus groves have been laid waste in the name of an industrialisation project which never happened.

The Government originally promised to build a giant steel works there, creating 7,500 new jobs. But the world steel glut has forced it to abandon the plan, and after years of discussion tha future of Giolia Tauro is still uncertain.

The Government has approved plans for a small steelworks to he huilt on the site, and there is talk of building a power station as well. But the jobs promised in this area of high unemployment have failed to materialise, and the wasteland has become an emhlem of the despair of Italy's poorer half.

Instead of the "cathedrals in the desert" — the failed hig projects of the past—industrial planning now concentrates on the promotion of smaller ventures, often with capital participation by special State-backed agencies. A contribution in this direction has come from such Government-backed concerns as Insid, Fime and Fime-leasing, hut progress is inevitably slow in relation to the daunting size of the task. Administrative problems still tend to cause delays, and in 1979 the Cassa per il Mezzogiorno, the State development fund for the area, spent under L600bn on its special development projects instead of an original target of nearly L2,000bn.

For the fnture, the Mezzogiorno undoubtedly holds great potential in terms of available labour and space. Its favourahle position at the cross-roads of the Maditerranean, between Europe and the oil-rich Middle East, could also be an asset. But a slow-down in world economic growth, and the prospects of future competition for Italy within the EEC from Greece, Spain, and Portugal inevitably condition a practical assessment of the area's prospects.

Signs of a better future for the public sector

POLITICS ARE never far from the surface in Italy's state-controlled sector. It is well known that top managers are appointed as much for their party allegiance as they are for their administrative qualifications. That they also have a political job to do has always been the name of the game — to invest where private capital will not: to supply jobs or retain surplus labour where private managers will not: to modernise, research and develop where others refuse to spend the money.

At the same time it has always been the aim that State-controlled companies should be as administratively efficient and as profit-orientated as their private competitors. Throughout the 1970s, as a booming economy became a dream of the past, as the political scene became more complex and the State bureaucracy became a dead weight, it proved increasingly difficult to reconcile the two objectives.

After two decades of decent profits the 1970s produced one bad year after another. The three main holding companies in the State sector — IRI, ENI and EFIM — returned a profit only in 1973. By 1978 combined losses amounted to L1,500bn, debts to L30,000bn and debt servicing charges to L3,150bn. IRI's president, Sig. Pietro Sette, recently estimated that it is costing IRI L100bn a month in interest on money that the company has borrowed to fill the gap left by the late arrival of Government funds.

Nonsense

The delay in the allocation of Government finance is now considered one of the State sector's main problems. Another is the Government's habit of landing the State holdings with economic failures — whether EGAM, the special steels, textile machinery and mining conglomerate which was liquidated and passed over to IRI and ENI, or Montefibre's share of the loss-making fibre plants at Ottana in central Sardinia. This entails not only a heavy financial burden but makes a nonsense of long-term planning. The good intentions contained in investment and reconstruction programmes, in industrial reconversion plans passed through Parliament and new development projects for the South tend to become empty promises as a result of Government bungling.

The days are now gone when a plan for a new plant in the underdeveloped South, the promise of more jobs and plenty of political pull was enough to open the Government's purse strings. The easy-money mentality of the late 1960s and early 1970s led to what was at best bad management and lack of planning and at worst to graft and corruption.

Just what went on during that period is now working its way out as one scandal after another is laid open to public inspection. That the old mentality still persists, however, even in times of economic hardship is clear from the latest scandal to have hit ENI.

This is threatening to make the State hydrocarbons holding company unmanageable at a time when sound and aggressive planning for Italy's long-term energy needs rates a premium. ENI's president, Sig. Giorgio Mazzanti, whose support for the Socialist Party was as important a factor in his appointment as his considerable administrative and professional qualifications, has been suspended from office while a series of Parliamentary and judicial committees look into the terms of an ENI-Saudi Arabia oil supply contract.

Accusations have been made that commissions paid under the agreement were finding their way back into the pockets of Italians. The political intrigue has now become so intense that Mazzanti's future hangs in the balance and ENI's management is in disarray.

Italy can ill afford this sort of uncertainty when it is already having enough difficulty covering its future oil needs. But ENI is important for other reasons as well. Over half the State sector's new investment in the manufacturing industries during the five-year period 1979-1983 is to be spent by ENI, most of it in the South. ENI is scheduled to spend some L8,600bn during this period in manufacturing compared with IRI's investment of L5,300bn.

EFIM, the *much smaller* and healthier looking State conglomerate, is also planning to concentrate on manufacturing, for which some L2,000bn of its total L2,500bn investment programme for the period is scheduled. EFIM's interests are largely in aluminium, mechanical engineering, defence and tourism.

New jobs

EFIM is of particular interest because of its heavy concentration in the South. Some 40 per cent of its turnover is in exports and most of its companies are medium-sized concerns operating in healthy sectors of the economy. In addition EFIM will be responsible for 18,000 of the 21,000 new jobs to be created in the State sector, 17,000 of them in the South. The conglomerate forecasts a *turnaround in its fortunes* from a L56bn deficit in 1979 to a small profit this year, rising by 1983 to a surplus of L135bn.

Much will depend on the state of its aluminium holdings. These are scheduled for remodernisation and diversification. EFIM is also planning development of the secondary transformation stages. But one of the main problems is high electricity charges. A decrease in these agreed back in 1977 by the Government's Prices Commission has still not become operative.

Unlike its two partners in the State sector, IRI is to concentrate much of its new investmen in the service industries—some L16,000bn out of a total of L21,000bn over the 1979-83 period.

Much of the money will go into capital-intensive high technology telecommunications—on extending and modernising existing telephone networks, on satellites and on electronic systems. The economic success of the operation will depend, however, on heavy recapitalisation and a long overdue Government decision to increase telephone charges—now among the lowest in Europe.

Big investment in steel, one of IRI's *main problem areas*, is but a memory, although the sector is still one of the heavier spenders. Although there is now no more talk about a new *steel-works* at *Gioia Tauro* in Calabria—another example of a political idea which never made economic sense—IRI still has to cope with the remodernisation of *Bagnoli* in Naples.

The car manufacturer Alfa Romeo is another of IRI's chronic headaches, although it now looks as though either the Japanese company Nissan or Italy's Fiat is willing to step in with *some help*. This could reduce losses considerably at Alfa Romeo's parent company Finmeccanica. The future of IRI's engineering holding company *also looks brighter* now that Fiat has agreed to give Finmeccanica a virtual monopoly of electro-nuclear design and engineering market in Italy in return for a *larger stake* in the aeronautical sector.

Apart from the depressed areas of shipping and shipbuilding the future looks less bleak now for many of IRI's subsidiaries. The turn-around at Alitalia, the State airline—once the black sheep of the family and now everyone's favourite success story — is just one example of what can be done *with* aggressive management and careful planning.

It is doubtful whether the State sector will ever return to the days of glory when to be an IRI or ENI manager was the dream of every young graduate. The 1970s have seen too many scandals, too much extravagance and too much politi[illegible] ference for that. But the[illegible] signs of a better future ahe[illegible]

Mary Venturini

Unions at watershed

ITALY'S TRADE UNION movement has now reached a watershed. Its leadership has never *looked so uncomfortable* as in the last 12 months. The country's three main trade union confederations — CGIL, CISL and UIL—are all but split. Their rank and *file* is confused, concerned and angry.

And the so far undisputed control of the main confederations on the labour movement as a whole has increasingly been undermined by the *militancy of non-aligned* unions whose strikes have caused considerable chaos in many major sectors in recent months.

The mood of uncertainty and *unease within the trade union* movement was eloquently reflected by an article by Sig. Giorgio Amendola, a highly-respected and veteran leader of the Italian Communist Party, published in the party's ideological weekly, Rinascita. In the article, Sig. Amendola delivered perhaps the most outspoken criticism ever made by a leading Left-wing spokesman against the Italian unions.

He claimed that the ambivalent attitude of the unions towards the growing phenomenon of violence and terrorism in Italian factories had effectively exacerbated working relations in many major Italian plants, particularly those of the giant Turin-based private motor company, Fiat. Indeed, his article coincided with the controversial decision of the Fiat top management to dismiss 61 workers accused by the company of acts of intimidation and violence and violations of the national labour contract.

Sig. Amendola went on to criticise the lack of what he called democracy at the top of the union movement and the consequent loss of touch between the union leadership and the shop floor. The unions, he said, had failed in recent years to support the unemployed, particularly in the depressed south of the country, by their overriding concern to protect the positions the unions had gained in the last ten years and the interests of their signed-up employed members.

Right to strike

He also challenged the concept of the automatic right to strike, especially in cases where the aim was to harass the general public. He pointed out that in view of Italy's current economic difficulties there was a real need on the part of the unions to revise their approach towards industrial relations to improve productivity of Italian industry through more moderate labour policies.

Sig. Amendola emphasised that the unions could well afford some sacrifices as real wages in Italy have risen for most workers without interruption and that large parts of the country, especially in the industrial triangle of the north, enjoyed near full employment.

In a sense, Sig. Amendola was echoing those very concepts which the union leadership advocated two years ago following a major convention in Rome when, for the first time, Italian union leaders claimed there was now the need on their part to adopt a more moderate and realistic approach to wage negotiations.

They seemingly accepted the principle of labour mobility, the need to reduce the overall cost of labour as a prerequisite to the *recovery of productivity*, the folly of maintaining economically obsolete plants and the principles of job shedding and the introduction of production incentives such as overtime.

Worsened

In turn, industry and the membership of *Confindustria*, the national employers' confederation or the Italian equivalent of Britain's CBI, sought to buy industrial peace through a policy of collaboration and dialogue with the trade unions and the Left, particularly the Communist Party. In many respects, this mirrored efforts between the ruling Christian Democrat Party and the Communists to reach an alliance to give Italy greater *political* stability.

But in the same way as these attempts at a political accommodation failed, relations between unions and employers rather than improving *have* effectively worsened in the last *few years*.

The renewal of a number of major three-year national labour contracts last year took as long as six months to negotiate. Repeated strikes have seriously affected productivity with Italian industry increasingly losing ground on its competitors.

As far the key issue of Italy's highly inflationary automatic wage indexation mechanism, *the* so-called "scala mobile," which is generally regarded to be the principal cause for the acceleration in the rate of Italian labour costs, the unions have stubbornly refused to consider negotiating any serious changes in the system.

The failure of Italy's political parties to give the country stable government together with their hold on the trade union confederations has to a large extent been responsible for the worsening of industrial relations in the country at large. But one must also look back ten years ago to understand the roots of the current situation.

In the late 1960s, the unions first emerged as a major political and social force. In the late 1950s, they had steadily increased their influence, especially in the industrial north, where they managed to unite the working class base in the struggle to improve working conditions, social benefits and pay. The conditions of Italian workers in those years were generally regarded as being well below the average of other industrialised countries.

When the movement exploded on the scene in 1968 and 1969 under the push of increased electoral gains of the Left and the student revolt, it did so with a vengeance. The conditions of workers changed dramatically. From the appalling conditions of the 1950s and 1960s they went to the other extreme. Salaries increased annually by more than 25 per cent. Over a period of six years, labour costs rose by a rate of about 300 per cent, due in large part to the automatic wage indexation system.

In turn, the competitiveness of Italy's manufacturing industry began to drop. Production was disrupted by strikes and the burden of social and welfare charges paid by employers became almost unbearable.

Although the economic recession brought with it a recognition on the part of the union leadership for the need to revise its policies, the rank and file was clearly not yet prepared to accept openly a policy of austerity. The changes in the electoral fortunes of the Communist Party—which suffered its first major setback in the general election last June, losing four percentage points and dropping to 30 per cent—made austerity *all* the less attractive as did the continuing increase in the rate of retail price inflation now running at more than 20 per cent on an annual basis.

Disillusioned

Moreover, the unions have been coming under increasing pressure from the Left in much the same way as the Communist Party itself. This reflects the growing disillusionment on the *part of the Left of the* Communist Party, and especially of students, who saw in the party's policy of collaboration with the Christian Democrats from 1976 to 1979 a betrayal of *its* revolutionary origins.

In this sense, it is significant that trade unionists and Communist Party members have now also become prime targets of terrorists in Italy, and despite union efforts to halt violence in factories, small groups of extremists have *continued* to disrupt production by making working conditions unbearable through acts of intimidation and vandalism. The failure of the official unions to prevent this has done little to enhance their authority.

Against this background, and with the worsening outlook for Italy's economy at large and increasing unemployment, the Italian labour movement is now facing its biggest ever challenge.

Paul Betts

While big business struggles...

LOW PRODUCTIVITY is the single biggest problem now facing Italian private industry. It has been particularly pronounced in large Italian companies which have had to face continuing real increases in labour costs, widespread labour unrest, high absenteeism and a whole series of union restrictions on overtime and output incentives, labour shedding and labour mobility.

The large companies have also been hit by the growing phenomenon of violence in factories that has further damaged productivity at a time of increasing export difficulties following the general contraction in world trade and the dramatic rise in raw material prices.

It is a problem which is also beginning to be shared by the country's myriad of small and medium sized industries, which have seemingly been spared up to now from Italy's protracted political uncertainties and labour difficulties. These smaller industries, largely concentrated in the country's so-called industrial triangle grouping the northern regions of Lombardy, Piedmont and Liguria and stretching across to the Veneto and down to Emilia Romagna, have so far managed to maintain a dynamism and flexibility unmatched in Western Europe.

This goes a long way in explaining why, despite the far lower productivity average of Italian industry as a whole compared to elsewhere in Europe save perhaps Britain, Italy achieved a growth of 5 per cent last year, a sizeable balance of payments surplus, and a real increase in exports of 9 per cent, although the underlying rate of inflation has been bordering on 20 per cent. But these small and medium sized industries are also coming under strain, finding it increasingly difficult to rely, as they have done in the past, on their own devices to expand and increase their export performance.

Indeed, during the last few months, private industry as a whole has been fighting to keep afloat at a time of growing international competition and of generally worsening domestic economic prospects. In unchanged circumstances and in the continuing climate of chronic labour problems, many private industrialists have recently warned that many Italian companies could eventually be driven out of business or be taken over by an already profoundly troubled State sector.

The roots of the problem lie in the failure so far of the authorities, the political parties and the trade union movement, which has effectively become what some call "Italy's seventh political party," to introduce a longer term recovery programme to iron out the basic weaknesses and distortions of the country's economic system. Labour costs have continued to soar, largely because of the Scala mobile, Italy's highly inflation automatic wage indexation system, and the peculiarly high social charges paid by employers. The country's rigid labour laws have made it very difficult to shed surplus workers, and Italy's ever expanding enlarged public sector borrowing requirement has effectively prevented a sustained and stable process of accumulation, diverting funds away from productive investment.

It is thus hardly surprising that private industry is now reacting by hardening its approach both to the political parties and to industrial relations even at the risk of setting itself on a collision course with the trade union movement and the left-wing parties.

Dialogue

It reflects a marked change in thinking of the membership of Confindustria, Italy's national employers' confederation, which after failing to buy industrial peace through a policy of collaboration and dialogue with the unions and the Left is now seemingly intent on launching a direct offensive to improve productivity levels.

Significantly, too, Confindustria is shortly to elect a new chairman who is to be chosen from the ranks of industry. The most likely candidate is Sig. Vittorio Merloni, managing director of the Merloni construction and household electrical group. He will be replacing Sig. Guido Carli, who was elected chairman after he stepped down as Governor of the Bank of Italy.

Indeed, Sig. Carli, a distinguished and highly respected outsider, was originally elected to carry Confindustria into dialogue and broad consultation with the political parties and the trade unions to establish a constructive platform for industrial relations.


Olivetti is trying to reduce its workforce to improve productivity. Electronic word-processing machines are given their final inspection

In recent months there has been a series of major moves by private companies to improve productivity and profitability. The most drastic has been taken by the Turin-based Fiat, the country's largest private enterprise which estimates that productivity of West German car workers is effectively 37 per cent greater than in Turin and between 20 and 44 per cent lower than in France. Last October it took the unprecedented step of dismissing 61 workers it claimed had been permanent trouble makers and suspended temporarily all recruitment. All the signs now are that Fiat output is improving.

Elsewhere, the running has been made by Olivetti, Italy's leading electronics and office equipment group, which is now attempting to introduce a recovery programme to reduce the group's 60,000 workforce by 4,500 by 1982. The aim is once again to improve productivity and free resources for investments in a high technology sector. So far, Olivetti has won union approval for a 750 man reduction, and its intensely entrepreneurial approach has helped it report a sizeable improvement in operating profits last year.

Pirelli, the Milan tyre and cables group, is also seeking to secure its own productivity improvements to back up a major capital reconstruction for the recovery of its perennial loss-making tyre activities in Italy. Similar moves are also being undertaken by other major groups, particularly in the chemical and synthetic fibres sector, which has traditionally been one of the backbones of the country's industrial structure.

These moves are being supported by the country's banking system which has been called to work out complex rescue programmes including their direct intervention through the setting up of a series of banking consortia to intervene in troubled companies.

Competition

At the other end of the scale, the banks are increasingly being pressed to help small and medium-sized companies which so far have managed to rely on their own self-financing abilities. But these companies, too, are finding it increasingly difficult to keep pace with rising international competition, for while they have been less trammelled by union interference they have traditionally relied on constant technological improvement and new investment.

Ultimately, however, the only real solution for Italian private industry as a whole can only come from more incisive support from the political parties, the Government and the trade unions to allow industry to improve productivity and retain its competitivity.

It has been helped in recent years by the skilful management of the lira by the monetary authorities which have steered the currency on a middle course between a declining dollar and rising European hard currencies. This has effectively protected the competitivity of Italian manufacturing exports in the country's main markets of Western Europe while containing the impact of higher raw material import prices as these are largely paid in dollars.

But the lira has now entered the more rigid discipline of the European Monetary System. Export competitivity has also recently been declining and it is likely to continue to do so if Italy fails to tackle effectively the continuing acceleration of its rate of inflation, now double that of its main competitors.

Management of the lira, certain measures to attempt to reduce the continuing rate of increase in labour costs like, for example, transferring part of social welfare costs from industry to the State, have all contributed to offset some of the ingrown distortions of the country's economic system on industry.

But many industrialists are now warning that time is running out and that Italy—and more specifically industry—can no longer rely on what have to all intents and purposes been a series of patch day-to-day policies to cope with the country's economic and industrial problems. However, in the country's present uncertain political and labour climate, all the signs suggest that Italian industry will have to continue to rely on short-term policies and, ultimately, on its own individual devices to keep afloat.

Paul Betts

...the small man thrives

THE "SCIUR PADRUN," or in North Italian dialect the equivalent of "governor" in Britain, is the central figure of Italy's latest economic miracle. He is to be found everywhere in the country's northern industrial triangle. He is the representative of that class of small entrepreneurs, perhaps crude in manners, ignorant in languages but extremely acute in commercial and industrial spirit, who have set up business with perhaps no more than ten employees, invested every penny they own in it, and used whatever profits they make in constant technological improvement.

The "Sciur Padrun" is active in virtually every type of Italian small- or medium-sized manufacturing activity making up that complex and intricate industrial network, which today is undoubtedly the most profitable end of Italian industry. It explains why, at a time of growing economic difficulties, Italy has continued to sustain a high rate of growth and has remained competitive in world markets.

It is also a sector, until recently eclipsed by the country's larger industries increasingly in trouble, which is now being recognised as perhaps the most vital industrial force in Italy. It has led Sig. Guido Carli, the outgoing chairman of Italy's national employers confederation, Confindustria, to remark recently that "the best orchids are those that grow closest to the ground."

Interlinked

A classic example of the country's network of small- and medium-sized industries is to be found at Lumezzane, a small valley community in the foothills of the Dolomites north of the Lombard city of Brescia. In a restricted and narrow area, there are in Lumezzane between 2,000 and 3,000 productive units varying from medium-sizes to a myriad of tiny workshops in garages, sheds, cellars and even kitchens.

The main activity in Lumezzane is mechanical, in the same way as small textile manufacturing concerns are concentrated in the area around Mantua or in the Tuscan region of Prato, where leather and shoes are also worked by a mass of small interlinked industries. The phenomenon is especially pronounced in the north, but is also broadly spread across the country including the south. Indeed, the Province of Naples is said to be the biggest exporter of leather gloves in the world although, as Sig. Maurizio Valenti, the city's Communist mayor points out, there is not a single glove factory in the area. It is, like Lumezzane in the north, an eloquent example of what is increasingly being termed as Italy's submerged economy.

The industrial structure of Lumezzane is a caricature of Italian small and medium sized industries. In the area, the relatively small proportion of larger mechanical concerns are closely integrated with the far greater number of small workshops and cottage industries. The larger concerns are, in fact, often the end product of the small cottage industries. Indeed, what normally happens is that a worker, employed by a larger group, is at the same time conducting his own workshop activity with the help generally of his family.

The industrial pattern is as follows. The owner of the larger unit sub-contracts to a small workshop some specific job which could normally be uneconomical for the larger plant to integrate in its production cycle. In many cases, the larger group will provide the small workshop with the necessary machinery it cannot afford to invest in. Often, the small workshop is owned by an employee of the larger plant working in his free time.

Twin advantage

Another variation of this structure is the production at extremely low costs by a small family-type unit of some basic manufactured item, like socks or shoes, which are then marketed by a bigger concern at lower prices than its own production would allow. This has the twin advantage of giving the small unit a market outlet while maintaining the prices of the larger group at highly competitive levels.

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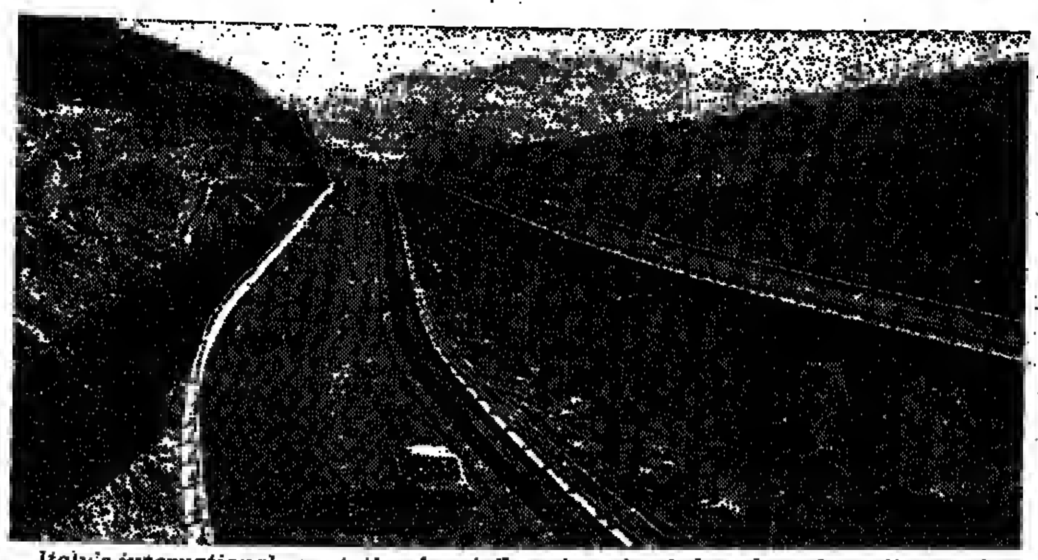
Civil engineers battle for foreign orders

CIVIL ENGINEERING has without question been one of the export success stories for Italy of the 1970s, a tribute to the way in which the sector was able to turn to its advantage the sudden change in the world economy wrought by the 1973 oil crisis. The signs are, however, that the hoom today is running out of steam, and orders are well down from their peak of 1977. Although the final figures for 1979 are not yet available, new contracts won last year are likely to prove down on the L2,250bn ($2.7bn) of 1978, itself nnly three-quarters of the record L3,100bn ($3.7hn) achieved in 1977.



Italy's international reputation for civil engineering is based partly on its prestige projects at home such as the spectacular Autostrada del Sole—seen here between Florence and Bologna

The reasons for the change in fortunes are various. They range from the growing saturation of many markets in the wealthier developing aod oil producing countries to the mounting problems caused by the relative strength of the lira ahroad at a time of soaring inflation at home, and the longstanding problem (only partly rectified) of inadequate Governmental export credit and other hack-up facilities, compared with those on offer to foreign competitors.

Most important of all perhaps, though, has been the emergence of new rivals from the newly industrialised world, Brazil and above all Sonth Korea. It is estimated here that South Korean civil engineering groups can undercut Italian prices sometimes by between 25 and 30 per ceot, and hold prices steady thereafter. The Italian industry now calculates that South Korea has recently been taking up to 35 per cent of the rich Middle Eastern market.

Last hut not least is the perennially depressed state of the domestic market, which means that home demand cannot take up any slack that might appear on the export side.

Despite these drawhacks however, Italian groups are still managing to secure important foreign orders. Italimpianti, the engineering subsidiary of the Finsider steel concern, has won what it considers a very significant $20m "break-through" contract in the valuable Australian market to supply warehousing and loading facilities at the Port Kembla coal terminal oear Sydney. In mid-February, Finmeccanica, the State-controlled cars to-nuclear group, won a $150m tender from a coal-fired power statiou in India, while Actip, an offshoot of the Bastogi financial group, secured a $200m petrochemical plant order from China.

Advantages

The geographical spread of these successes underlines some of the deep-seated advantages of the Italian engineering industry. Untainted by the odour of neo-colonialist designs, the country's engineers have been openly welcomed in Third World countries—even those of a distinctly Left-wing radical political complexion like Mozambique or Algeria. In such cases the strong influence of the Italian Communist Party has often played a powerful back-stage role.

It is no accident, for example, that Italy's successes in such countries and those hehind the Iron Curtain have often gone hand in hand with the presence of companies operating under the aegis of the Communist-dominated Lega Delle Cooperative. Nor also that Italy has been among the least affected of major foreign economic interests in Iran by the upheavals following the departure of the Sbah.

Crucial factor

Today these plus points are in turn buttressed by the proven track record of Italian rompanies—a quality, it might be argued (if a little facetiously) which dates hark to the civil engineering genius of their Roman ancestors, remnants of whose constructions still adoro the Mediterranean basin.

But a crucial, and sometimes overlooked factor which favours the Italians is the very structure of their engineering industry. Most of the major concerns, Fiat Engineering, Condotte d'Acqua and Italimpianti of the IRI State conglomerate, Snam-Progetti of ENI, AMN-Ansaldo of Finmeccanica, itself another division of IRI, for example, are all parts of still larger iodustrial groups. This in turn often allows Italian competitors for an order to offer a very attractive comprehensive package, employing skills and technologies from other parts of the parent group, and boasting greater flexibility than their rivals.

The formula of hnge, mainly State-controlled, groups is much criticised within Italy for unwieldiness and inefficiency: abroad the reverse is prohahly true. What is more, the ability to offer such "package deals" is an important component of the country's sales pitch to secure vitally important bilateral oil supply deals.

Rupert Cornwell

Car output lower

FOR THE Italian motor industry—one of the country's largest employers and traditionally a pace-setter for Italian industry as a whole—the next few mouths are likely to he crucial. In a recent address to shareholders, Sig. Giovanni Agnelli, chairman of Fiat, Italy's largest private enterprise, sounded the first alarm bells. He said Fiat's operating results in 1979 had been disappointing largely because of poor performance by the company's Automohiles and Commercial Vehicles Divisions, whirh between them account for more than half of Fiat's overall annual net sales of L17,500hn last year.

Fiat's hasic problem has been the failure of the company to match the productivity levels of its main international competitors at a time of huoyant market demand and the launching of a series of potentially competitive new models. Severe labour unrest last year and the lower productivity of Fiat car workers compared to those of West Germany and France led to a decline of Fiat rar output last year to 1,322,000 vehicles, or 3,000 fewer than the previous year. This was further translated in a two-point drop of Fiat's share of the Italian car market to 51 per rent last year.

Moreover, the Turin-oased company has been increasingly afflicted by a prevailing climate of violence in its plants which has seriously disrupted production. In response to industrial violence, the company took the unprecedented step last October of dismissing 61 workers it claimed had been permanent troublemakers and temporarily suspended recruitment to its plants throughout Italy.

But the drastic move has also been regarded as a forceful gesture to emphasise the need to improve productivity, for Fiat's fundamental probiem, as Sig. Vittorio Ghidella, managing director of the group's car manufacturing division, put it, is that it can no longer make cars profitable in Turin at present mainly because it cannot produce the volume required. Althongh the car group has now committed itself to a L4,000bn five-year investment programme, it also wants to secure union collahoration to make this amhitious investment programme a paying proposition.

At the same time, Fiat has for some time been seeking collaboration agreements with other European car manufacturers, particularly in the components sector, in a broad policy aimed at promoting economies of scale between European motor producers. The object is to make the European car industry as a whole competitive to face the challenge of the growing penetration hy American and Japanese motor manufacturers.

Alarmed

Although the Italian market has so far been rigidly protected against Japanese imports, strirtly limited to 1,200 vehicles a year, Fiat is seemingly increasingly alarmed over the negotiations between the Italian State Alfa Romeo group and Nissan of Japan to manufacture jointly a medium-sized car in Italy. The proposed deal, said to he at an advanced stage of negotiation, is seen by Fiat as possihly giving the Japanese industry a hridgehead in Italy.

For the past 12 months, Alfa Romeo, which lost L126bn in 1978 and is expected to report another suhstantial deficit in 1979, has been seeking international and domestic partners for eventual joint ventures as part of a general recovery strategy. It has failed so far to reach such an agreement with Fiat, hut now appears on the point of signing a major joint mannfacturing deal with Nissan. This deal is expected to favour the State company's heavy loss-making activities at its southern plant of Pomigliano d'Arco, near Naples. The plant, known as Alfasud, has been plagued in past years by low productivity and chronic labour prohlems.

The proposed agreement, which has already won the approval of the Italian unions and the Left-wing parties, is understood to involve the setting up of a joint rompany, with Alfa Romeo and Nissan controlling equal shares of its capital. The company, to he entirely under Alfa Romeo management, is expected to build a new plant near the Alfasud Naples complex for the production of a new car, which will also be assembled in the existing Alfasud complex.

The new car's initial annual production target is expected to be 60,000, half of which will he marketed in Italy and half exported through Alfa Romeo's and Nissan's sales networks. At the same time, Nissan's share in production is expected to amount to ahout 20 per cent and entail largely the supply of body parts for the new car, while Alfa Romeo will supply the engine and other components.

The Alfa Romeo-Nissan deal and Fiat's own productivity problems are now causing a major controversy in Italy over the future of the country's car industry. To this end, the Government has recently set up a working party to analyse the current prohlems of the sector and to come up with some definite proposals for its recovery. But like everything else in Italy, the solution to these problems will inevitably be left to the car producers themselves.

Paul Betts

Small man

CONTINUED FROM PREVIOUS PAGE

This type of industrial structure is clearly open to abuse and charges hy foreign competitors of unfair competition. Indeed, some years ago the West German Bundeshank at the time of the renewal of a gold-hack loan to Italy is understood to have asked the Italian authorities to control low-price exports of Italian panty hoses to West Germany. As to the Brescia small steel producers, they have been the centre of a running controversy at European community level because of their low-cost products and aggressive export policies.

But this industrial system also generates a dynamic cycle where eventually the small workshop develops into a larger unit which, in turn, relies on a fresh crop of smaller groups in the immediate area. Within this thick and varied industrial tissue there are local banks providing a consistent support operation and local consortia assisting and enhancing export performanre.

It is this sort of structure led by a highly inventive and independent breed of small entrepreneurs, which to a certain extent have innoculated Italy's small and medium sized industries from the country's broader economic, trade union aod political problems. Moreover, it has increasingly helped to keep the Italian economy as a whole afloat at a time of growing crisis among some of the country's main private and State sector conglomerates.

Based on constant technological improvement, it is also a structure rooted in the hasic concept of a "market economy" and a rigidly hard-line industrial mentality. It has little sympathy for concerns that go hankrupt, since usually these are replaced hy a new generation of active industries in a whole range of different manufacturing sectors. This diversification, in turn, serves as yet another protection against times of economic recession.

Paul Betts

Steel industry waits for market reaction

By a Correspondent

AFTER A difficult year in which production was severely hit by strikes, the Italian steel industry is watching the market carefully for indications of demand. For the moment, steel industry officials say, this is good. But they are reluctant, in the face of business fears of a possible recession, to make forecasts. Last year was a poor one for many Italian steel companies, and Italsider in particular, the State-controlled company which accounts for nearly half of steel production, once again ran up a heavy loss.

Acrimonious

National steel production last year amounted to 24.1m tonnes, putting Italy in second place within the Common Market after West Germany, and in sixth place world-wide. Output was only 0.9 per cent below 1978 levels, but cuts in production, forced by strikes in the course of acrimonious negotiations for a new national labour contract in the steel sector, hit the industry at a time of rising domestic demand. As a result, imports rose to record levels as consumers, to preserve their stocks, turnad to foreign suppliers. According to Assider, the steel industry association, 1979 steel imports rose to 7.7m tonnes, in ingots equivalent, from 5.5m in 1978, while exports dropped to 9.4m tonnea from over 11m.

Stocks build-up

Both apparent and real consumption of steel rose last year, and consumers bave again been building up stocks to levels which would weigh heavily on the market in the event of a future slump. Apparent steel consumption last year rose to 23m tonnes from 19.3m in 1978, while real consumption is estimated to have reached 22m tonnes against 20.5m. Real consumption is unlikely to maintain its 1979 level this year, and analysts forecast it could drop by 1m tonnes.

The market for bot rolled coils in particular, one of the main types of steel produced by Italsider, turned to imports in a big way to satisfy strong demand in 1979. The loss of potential sales for the State steal group was particularly bitter, with both EEC and non-EEC suppliers taking advantage of Italian demand and under-cutting Italsider's prices.

Italsider's production last year fell to 9.7m tonnes, from 10.4m in 1978. By the end of the third quarter the group had already accumulated losses of more than L400bn (including a L205bn loss for the first nine months), threatening the need for a possible reduction in capital.

Burdened

Heavily burdened by costly short-term debt, Italsider recorded a deficit for 1978 of L348.5bn, equal to 18.8 per cent of sales. Much of these losses, which continued in 1979 reflected the cost of keeping open the loss-making Bagnoli plant near Naples, for which Italsider has submitted a modernisation project to the European Community authorities. Bagnoli employs more than 8,000 workers in an area of chronic unemployment, and although its heavy losses might in other circumstances prompt its closure, in the Naples area such action is politically and socially unthinkable.

Instead, Italsider bas started work on a programme aimed at eliminating losses by increasing tha plant's capacity for finished steel products.

Two new continuous flow plants and a semi-continuous rolling mill will boost production of bot-rolled coils, a product for which Italsider expects good demand in the medium-term. At the end of the restructuring programme, finished steel products are expected to account for 75 per cent of Bagnoli's overall output, instead of only 40 per cent at present.

Issue

Plans are under study for increasing Italsider's capital from its present L1,179bn, and the group's State-controlled parent holding company, Finsider, has already announced its intantion of going ahead with a record capital increase. Finsider plans first to reduce its own capital to L608.4bn to cover the accumulated losses of subsidiaries, and then raise it again, through an issue of shares, to L2,028bn. This would be a prelude to a capital injection for Italsider, as well as possible capital increases for other steel concerns controlled by Finsider.

Other Italian steel companies bave also run into financial difficulties, and even the small independent steel makers of the Brescia area in Northern Italy, known to the trade as Bresciani, have seen profit margins dwindle because of inadequate prices. As a result, these companies, through lack of cash, are baving to postpone plans for investment in new plants, thus risking the loss of future competitiveness.

Chemicals struggle

AFTER NEARLY five years of deep pessimism, of sbut downs, of heavy losses and of sweeping management cbanges, Italy's cbemical industry gives the impression of being on the verge of recovery. The new optimism and confidence at Montedison, the country's largest chemical group, is perhaps catching, but there is also the feeling that nothing could be worse than the past two years, when over production, under financing, excess manpower and even a series of industrial accidents, made the country's chemical industry one of the most chaotic and depressed in Europe.

There is certainly a number of encouraging signs. Montedison's sales are soaring, losses will be down again this year, there is serious talk about a new shareholder and a new international loan and the group seems to bave pulled off the impossible by straighlening out the worst of its problems in the loss making fibres sector. Under the chairmanship of Giuseppe Medici it bas been made quite clear for the first time in many years that managers are there to manage and not to play politics.

Societa Italiana Resine (SIR) which was hovering on the brink of financial disaster two years ago, is now in the bands of a consortium of creditor banks. The consortium bas replaced the group's flamboyant founder and owner-chairman Nino Rovelli. In the wake of bis departure there bas been a major management reshuffle, an injection of new cash—some L1,000bn over a three year period in all—and a reassessment of what was an over ambitious capital investment programme.

However, Italy's other major ehemical companies, Anic, a subsidiary of the State controlled hydrocarbons holding ENI, Snia Viscosa and Liquichimica are still in difficulties. Anic is attempting to lighten the burden of its base chemicals and fibres by heading into the more profitable and remunerative areas of fine chemicals. But its efforts are not helped either by the management confusion at its parent company, ENI, or by the Government's decision to saddle the company with Monetfibre'a share of the loss making fibre companies at Ottana in Central Sardinia.

Heavy losses

Snia Viscosa suffered beavy losses again last year thanks to the inability of its creditor banks, the Government and the unions to agree on the terms for the future of the company's fibre operations. Witbout these the company would be sbowing a decent profit on its other activities, mainly cbemicals, aerospace, engineering and communications.

Liquichimica is also still waiting for reorganisation and a new owner. It is envisaged that the chemical interests of Raffae-le Ursinis defunct Liquigas empire should be bought up by ENI on what would appear to be very favourable terms. There bas been considerable interest in liquichimica's modern and technologically advanced plant by private Italian and foreign concerns. But these bave been discouraged partly by their own desire not to get involved in a purchase until the Liquigas muddle has been straightened out and partly by clear signs from the Government that it wants to gain what it can from the salvage of the Liquigas wreck.

The financial difficulties and the uncertainties which bave hit the major companies have been reflected both in the drastic increase in the chemical trade deficit and the slowdown of all capital building programmes.

Ona particular warning sign last year was the increase in the trade deficit registered for base cbemicals, always one of the strongest areas of tbe Italian chemical industry in the past. The deficit in this sector trebled in the first 10 months of last year to reach L953bn, or 53 per cent of the total chemical trade deficit.

It is, bowever, tbe cutbacks in new construction which is perhaps more worrying in the long term for tbe Industry. Sucb investment money as is now available is being spent mainly on energy saving and environmental control systems and the modernisation of existing obsolete plant. This could be seen as a useful period of consolidation but it could also mean that Italy will fall behind its foreign competitors if it has to mark time for too long.

Mary Venturini

Textiles sector revamped

THE STAGGERING losses that Italy's main fibra manufacturers have clocked up since the mid-1970s have distracted attention from the sweeping adminstrative, financial and production changes going on at Montedison's subsidiary, Montefibre, the State-controlled Anic and Snia Viscosa. Managements bave been trimmed and streamlined, refinancing consortia beaded by the main creditor banks are in the process of being set up, and production schedules have been reorganised and revised.

In the flourishing days of the early seventies, before the rise in the price of raw materials and the influx of cheap fibres, first from the Far East, then from Eastern Europe and now the U.S., companies were more interested in the lavish Government subsidies for building new plants and creating new jobs than they were in market requirements.

Now tbe emphasis has changed and manufacturers have become so market oriented that consciously or unconsciously they are carving out their own specialised sectors. Montefibre, for example, is concentrating its efforts on its traditional textile clients while Snia Viscosa is showing an increasing interest in industrial customers — the auto, construction and engineering industries.

Snia Viscosa readily admits that considerable effort is going into producing high quality, specialised goods. Research is now being done into the use of fibres, not only in the traditional field of clothing, but also in house construction, shipbuilding, car manufacturing, and pipe laying. Snia, however, is still struggling with its financial problems and over-manning. The company is having to sell off real estate and some of its subsidiaries to cover part of the L112bn losses registered last year. Even then, Snia will be unable to avoid a share capital devaluation and so far the terms of its refinancing bave not been finalised.

Montefibre, which seemed to be the disaster story of Italy's chemical industry only a year ago, now appears to be on the road to recovery. The company has managed to get rid of mucb of its excess labour, production has been rationalised at five centres, new finance is on the way and Montefibre has finally managed to hive off its worst headache—the polyester complex it owned and managed jointly witb Anic at Ottana in Central Sardinia—on to the State.

Consortium

The plants are to be bought out by Anic and in return, Montedison bas promised to put up balf the money for the L200bn recapitalisation of Montefibre — the other half is to come from a consortium of banks led by Mediohanca—plus an extra reaerve fund of L50bn.

Now Montefibre should be able to complete its showpiece polyester plant at Acerra just north of Naples. This could be ready for full-scale production in two years from the time than construction starts again. Acerra will eventually account for 50 per ceot of Montefibre's total fibre production and the whole of its polyester manufacture. Considering that productivity there should be not only well above the European but also above the American average, it is easy to see that Acerra is vital to Montefibre's future balance sheet.

Lumbered with Ottana, any hopes that Anic might have had for the future look dim. Special Government funding to buy out the Montefibre share and sustain losses may help to lighten the financial burden, but it does not help Anic rationalise its production problems. Its polyester and acrylic plant at Pisticci, in the industry-starved region of Basilicata, needs modernisation and it is doubtful whether Ottana can ever be economically viable unless the second part of the original plan is completed.

Even if money for this were available, the unofficial production quotas agreed by Italian and other Common Market manufacturers would not allow for extra polyester productioo out of Ottana plus the start up of full polyester production at Acerra.

A complete closedown at Pisticci might be the answer, but this would be possible only if Anic could provide substitute work for a region which is already far too short of jobs.

Mary Venturini

Vatican is still a force

RELATIONS BETWEEN the Vatican and Italy have never been quite the same since the election two years ago of the first non-Italian Pope in four and a-half centuries. Up to then there had inevitably been a special relationship between Italy and the Holy See, with the presence and influence of the Vatican and the Pope invariably felt on Italian political and social life.

With its army of priests and bishops, the Roman Curia and the Italian Episcopal Conference weighed heavily in favour of the long-ruling Christian Democrat Party at times of elections or during issues of such national importance in a Roman Catholic country as the referendum on divorce. It has undoubtedly conditioned Italy's cultural and social evolution during the last three decades of transformation after the war and the fall of Fascism. In political terms, it has been an invaluable ally for the Christian Democrats in holding back the growing electoral appeal of the country's powerful Communist Party.

But in the last two years, the direct intervention of the Vatican in Italian affairs has quite visibly declined. From the beginning, the new Polish Pope, John Paul II, emphasised his intentions to project the universal role of the Church. He has visited more countries than any other pope in the same span of time. In his brief Pontificate, he has travelled to Mexico, Poland, Ireland and North America. He now plans to visit the Far East, Latin America and Africa later this year. It was with some irony he told the crowds assembled for the traditional midday blessing in St. Peter's Square after his visit to America that "the Pope now plans to stay a little at home."

Since his election he has also made a number of significant changes in the leadership of the Church. The conservative face of the Italian-dominated Roman Curia, the traditional hierarchy of the Church, has been transformed. The new Secretary of State, Agostino Cardinal Casaroli, is essentially a diplomat and the leading figure in the Vatican's opening to the Communist countries of Eastern Europe and recently to China.

The Pope has also indicated he intends to bring about major changes in the management of the Vatican's finances—an issue which has always been at the centre of controversy in Italy and which has seen the Vatican associated with one of the more unsavoury sides of the long ruling Christian Democrat Party and at one time with the Sicilian financier, Michele Sindona.

Unprecedented

But last autumn, the Pope called an unprecedented extraordinary meeting of the Sacred College of Cardinals to tackle this delicate problem of the Vatican's finances. The meeting too was seen as tangible evidence of the Pope's efforts to give the Vatican a more collegial and international form of leadership.

In the specific case of relations between the Vatican and the Italian State, the Pope has seemingly been pressing for a swift end to the protracted negotiations for the revision of the concordat, the State-Church pact originally sealed between Pope Pius XI and Mussolini in 1929. The spirit behind the revision of the concordat reflects the current thinking of

Pope John Paul II: gift for showmanship

the Church which, as the Vatican puts it, is "seeking no privileges, but only sufficient liberty to carry forward its evangelising mission."

The revision of the concordat is essentially based on the principle of non-interference by both the Vatican and the Italian State into their respective affairs. In a country like Italy, where the Church has always had a deep-rooted effect on political and social life, often coming out in the open at times of political tensions to lend more than a gentle helping hand to the Christian Democrats, the significance of the concordat revision is enormous.

In so many words, the Vatican is seeking to emphasise the universal quality of the Church. In the case of Italy, it has increasingly emphasised its total and unambiguous autonomy even from an old ally like the Christian Democrat Party. And although this is a process which is *crystallising* under the Pontificate of the new Polish Pope, it was nonetheless started in *a less spectacular fashion* by Pope Paul VI before he died in the sumer of 1978.

On the *surface* at least, all the visible signs suggest that the Vatican's influence in Italy is declining. But like all visible signs, and the Church knows this better than most, they often convey a deeply misleading impression.

Indeed, since his election, Pope John Paul II has had a huge impact in Italy, as in other countries, and this has led to *what is tantamount* to a major revival of interest in the Church. He can draw a crowd better than most and his command of the media and gift for showmanship is extraordinary.

Humanitarian

He comes from a country where the Church has fought, and continues to fight, for its independent rights. Its policy in Poland has been one of making certain concessions in return for pastoral gains. But as elsewhere, the Church has never made any easy concessions, especially on fundamental questions of doctrine or on its freedom to conduct its evangelising mission.

The Pope's own public statements have reinforced this view. While he has repeatedly indicated he intends to adopt a liberal and humanitarian approach to social issues, particularly on the question of basic human rights, he has also seemingly revealed himself a traditionalist in matters of dogma and theology. In the last months, both in Italy and on his foreign visits, he has reaffirmed the concept of priest celibacy and the church's traditional position on abortion, and has come down firmly against a number of progressive theologians causing a major controversy between traditionalists and modernists.

In Italy, the Vatican has also *traditionally maintained* a similar unambiguous approach when it comes to the Italian Communist Party. Indeed, the pressure has been more on the Communist Party to make ideological and hence political, concessions to the Church since the Italian Communist leadership have never underestimated the Vatican in Italy. At the same time, the party has gone to considerable *pains not to clash with* the Church, and its fundamental policy has been to seek what it calls a "historic compromise" between Catholics and Communists in Italy.

But the Vatican has continued to make it clear—albeit less directly than in the past—there remains an incompatibility between Christianity and Marxism and thus an incompatibility between the Church and the Communist Party. This position undoubtedly continues to have a *major impact* on Italy's delicate political situation.

Paul Betts

Private TV spreads

ITALY IS in many respects today a social laboratory, and nowhere is that truer than in the field of broadcasting in general and television in particular. Alongside the State-run RAI, the country's equivalent of the BBC with three nation-wide channels exist an estimated 350 privately owned local stations, scattered the length and breadth of the country and unregulated by any law.

It is a unique experiment likely to provide lessons for any other government thinking of altering its own broadcasting arrangements—and a nightmare for airline pilots who have to navigate through the packed airwaves over a major Italian city. Today for a rough cost of L20,000, any television owner can have his set adjusted to pick up not just the three RAI stations, but up to a further 20 private competitors in the big centres such as Rome and Milan.

Audience share figures for the RAI and the private stations depend obviously to a large degree on who has compiled them. But for all its studied outward indifference the RAI, constantly bogged down in sterile political intrigue, is without doubt becoming steadily more worried and steadily more demoralised.

Only 18 months ago, the share of private television was put at most at 8 per cent of the total audience, and gained mostly at the expense of the foreign-based stations, Tele Montecarlo, Tele Capodistria and the Italian channel of Swiss TV which have long beamed their programmes into the country. Now, however, that figure is up to 17 or even 20 per cent — and higher still in the major centres where choice is greater and reception better.

One survey, carried out last November, estimated that in Milan, Italy's richest city and heart of the private TV industry, of those who were watching television during evening peak hours, no more than half at any one time were tuned in to Mamma RAI.

Court rulings

Today Italian private television is at the crossroads. The first pioneering stage, immediately after a series of constitutional court rulings between 1974 and 1976 which effectively destroyed the RAI's monopoly for local broadcasting, are over. True, housewives still disrobe themselves in converted attics late at night to provide soft-core porn on cheaper private stations, and many are the backyard operations which still keep going on the unpaid enthusiasm of amateurs.

Certainly too, whatever happens, private TV in Italy will not be banned: too many political interests are on its side. At the same time its status was underlined in January by a court ruling in Lucca ordering the RAI to lower the strength of its transmitter relaying the new third channel in Tuscany—because it interfered with the reception of several local stations.

But two fundamental changes, one already happening, the other likely to with the advent of a new Italian Government, are now exerting powerful pressures for rationalisation. The less immediate prospect is of legislation to at last create a framework in which private television in Italy should operate.

The Posts and Telecommunications Minister in the outgoing Government, Sig. Vittorino Colombo, had already circulated to the political parties a draft Bill which by setting out minimum standards would almost certainly contribute to extinguishing many of the smaller fry. Sig. Colombo may or may not retain his job in a new administration. But few people doubt that legislation of some form or other will come, if only to meet increasing complaints not only from the RAI, but also from foreign countries such as Switzerland, the southern parts of which are heavily "contaminated" by private Italian stations.

But the exact complexion of the new law will only be determined by a compromise at a political level. The Christian Democrats, who are estimated to have control—direct or indirect—of up to 70 per cent of the stations, are keen to secure for them as much licence as possible. Indeed, the ruling party's interest in private TV is widely interpreted as a counter-offensive to make up for the partial loss of control of the RAI it has suffered in the past few years.

Sig. Colombo himself is believed to be linked with Telemilano, perhaps the most significant force to have emerged in the private broadcasting field in Italy. The Communists on the other hand were late into private TV, and control no more than three or four stations.

The second change, however, is more important, and without doubt taking place already. Whether Italy's politicians like it or not, the most influential private TV stations are already organising themselves along the American pattern into national networks, even though the constitutional court decreed only that they could function freely at a local level.

Big groups

The emerging giants are mostly linked to publishing and Press interests, and through the latter with the political parties, chiefly of course the Christian Democrats. These big groups in turn operate specialist agencies to look after the vital advertising requirements of a group of stations which they do not directly control.

But the total advertising cake is not large, perhaps L70bn (£38m) of revenue in 1979, maybe L100bn (£54m) in 1980. If L1bn is generally held to be the minimum annual cost of a decent station, then it is easy to understand why many are dying, or being kept alive only through the munificence of a wealthy backer.

However, the much-vaunted "pluralism" of private TV, which, its supporters held, would allow a breath of fresh air after the rigid, stereotyped output of the much-criticised RAI, has not materialised.

True, there are a few imaginative, "alternative," programmes, but most private channels have realised that what their audiences want are films and old series, and as many as possible.

Rupert Cornwell

Tourists pour in for climate and culture

ITALY REMAINS the most powerful magnet for European tourism—and one of the most powerful in the world.

The appeal of its climate, its varied beauties, its culture, its food and wine and its people is constant. Despite the advertised chaos which seems to pass for the country's public services, the inherent appeal of its way of life remains, for the foreign visitor does not experience most of the harsher realities of life as lived by the Italians themselves.

This basic timelessness is indeed a measure of just how misleading the daily Press reports of terrorism and crisis can be. What is more, Italy's centuries of tradition as a tourist centre have meant that many of the violent distortions and difficulties encountered by new tourist "powers" such as Greece and Spain have been avoided; and industrialisation, land speculation, pollution and the various other vices of contemporary Italy have done surprisingly little harm to its attraction to the foreigner.

For contemporary Italy, that is just as well. Tourism, in the prosaic expression of money and jobs, is vital for the country to pay its way. Although final figures for 1979 have not yet emerged, tourism is expected to have generated a gross inflow of about Lire 7,000bn ($8.6bn), and after the deduction of money spent by Italian tourists abroad may well have yielded a net inflow of foreign exchange of L5,500bn ($6.7bn), compared with one of L4,310bn in 1978. The true benefit to the economy if incidental consumer spending by foreigners in Italy is included, almost certainly is higher still, even if rising prices are responsible for part of the gain.

Despite dismal predictions of a poor year, 1979 broke all previous records, and there is no unassailable reason why 1980 should not witness a further advance. Contrary to expectations, the visitors continue to pour in, undeterred by terrorism, frequent air strikes, unreliable transport, inflation and the rest.

The harbour at Portoferraio, island of Elba

Only in Sardinia, the scene of kidnappings of holidaymakers, including the British engineer Mr. Rolf Schild and his family last August, are the prospects noticeably gloomy for the coming season.

Italy's remarkable economic performance in 1979, of rapid growth combined with a steady balance of payments, owes much to tourism. Without it, the estimated $5bn current payments surplus would have been a deficit, and an important source of new jobs, above all in the less-industrialised parts of the country, would have been removed.

For the first time last year the total of tourist-nights—officially registered — exceeded 100m according to provisional figures. The average stay of an estimate 16m tourists in 1979 now exceeds six days. Italy today boasts by far the largest accommodation capacity in Europe — twice that of Spain and no less than 13 times greater than Greece. Across the country are scattered 42,000 hotels, covering more than 1.5m beds—to which should be added a further 2.8m beds if private homes, holiday villages and camping sites are included.

Agreeable

On the face of it, it is an impressive picture. But the fact is that Italy could do better still, by far. This enormous capacity is only used for 23.3 per cent of the time. The underuse is most serious in the south, traditionally the target of sun-starved northerners in the summer, but which can offer an equally agreeable change of climate in the autumn and late winter and spring as well.

Indeed, tourism offers perhaps the cruellest reflection of the deep, and deepening, division between north and south which is the bane of Italy. Although the north and centre possess the vast bulk of the country's wealth and industry, they also attract five-sixths of the annual tourist inflow to Italy.

The south, for whose problems labour-intensive tourism would seem to offer perhaps the most promising approach, receives but one-sixth. Ironically, many of its unemployed now go north to find work in the hotels and restaurants of the north, where local staff are hard to find.

Given the advantages which nature and man have plied upon Italy, it is not surprising perhaps that little has been done to officially promote an industry which has appeared well able to look after itself. The Ministry of Tourism, for all the economic importance of the sector, has long been utterly neglected by government. Slowly, however, things may now be changing.

There are three basic requirements: to cast more widely the tourist net, currently heavily reliant on Germany; to increase the length of the season and improve the use of capacity, and to induce a greater flow of tourists to the south. The problems are indeed interrelated.

One of the reasons why Germany and German-speaking Austria account for close to half the number of tourist-nights spent in Italy is their geographical proximity to the holiday regions of north east and eastern Italy. It is a little known fact that the most popular tourist destination in the country is not Lazio and Rome, nor the Veneto, nor Tuscany, but Emilia Romagna with its Adriatic seaboard.

To shift part of this annual migration southwards will require incentives, and at the start of this month the Cabinet approved a new "framework law" to promote the tourist and hotel industry, especially in the depressed Mezzogiorno.

A new fund with resources of L300bn is envisaged, to make subsidised loans to boost tourist ventures. Spending of L50bn is earmarked for 1980, though the sloth of Italy's administrative procedures must make the target doubtful.

At the same time an overhaul is planned for Enit, the national tourist agency, and greater use to be made of borrowing via the European Investment Bank. Perhaps most promising are the initiatives taken by the various regions, which individually are less obliged to play off one particular interest against another. Here the possibilities are many: promoting off-season tourism by special rates and packages, and encouraging "social tourism" — i.e. by making facilities available cheaply to various social groups such as pensioners and school students.

With such a strategy, it is hoped, the country will be able to extract more from its unmatched tourist potential, and strengthen the operations of a sector which in one way or another provides employment for about 1.5m of Italy's 25m workforce. Most persuasive of all perhaps is the growing realisation that whereas a new job in the steel or chemicals industry today can cost anything up to £80,000 of new investment, a job in the tourist sector needs less than a tenth of that sum.

Rupert Cornwell

Fight over agriculture prices

MANY A seemingly well industrialised Italian still hankers after a small piece of land, his own olive trees, his vines and a few head of sheep. Now that industrial jobs are getting scarce and the young cannot find employment, a return to the land looks an attractive solution to Italy's economic, political and social ills.

"Back to the land" is a convenient slogan when the cities are over-crowded, the social services are inadequate and large areas of the less fertile uplands of central and southern Italy have been abandoned. Depopulated land can lead to landslides, soil erosion, the neglect of scarce water resources or even the lesser problems of poisonous snakes, marauding foxes and savage hornets. A pressing need to cut the L5,000bn deficit in agricultural trade — food is the second largest single item in deficit after energy — also makes the simplicistic equation of "back to the land equals more food" look interesting.

But more home-grown food might end up costing the average Italian much more than he thinks and certainly much more than his Common Market neighbours would like to pay. There is already a high proportion of Italy's working population employed on the land. Some 15 per cent is still working in agriculture, forestry and fisheries compared with 2.9 per cent in the UK. This is well above the EEC average of 8 per cent and is second highest only to Ireland with its 23 per cent.

Reversal

In Italy, agriculture accounts for 9 per cent of Gross Domestic Product; in Britain it accounts for 2.8 per cent. These figures show not only that productivity in Italy is still relatively lower than in other EEC countries but that agriculture is more important and that farmers are a group to be reckoned with.

A return to the land would be a reversal of a general historical and European trend. It would entail an increase in production without necessarily yielding an increase in productivity. To maintain the living standards of a growing farm population would also mean an even greater upward pressure on food prices. Clearly, with some 3m people on the land compared with only 600,000 in the UK, higher agricultural prices make much more sense to the Italian politician than they do to the consumer-conscious UK Member of Parliament. Italy's expensive sop to the consumer is its system of Government-blocked or controlled prices for staple food products.

Italy is in fact pressing for a larger average increase in agricultural prices than those just agreed by the EEC. Sig. Marcora has stated that the average 2.5 per cent increase is not enough for Italy. Even when this is added to the five per cent devaluation in the Green Lire, he maintains, it is inadequate when inflation in Italy is running at over 20 per cent. He would like to see something nearer a 13 per cent average increase but sentiments of this kind do not go down well with the British in particular.

Sig. Marcora is also running up against EEC partners in his attempt to freeze a decision on the downward revision of sugar quotas. As the Italian quota would be well below consumption levels more imports would be the obvious result. Cuts in North European products such as cereals, meat, poultry and milk would also hit Italy. These account for over 50 per cent of agricultural output, are the most rapidly expanding sectors and help most in containing the balance of trade deficit.

Most of these products come from the Po Valley, Italy's richest farming area, which has all the advantages that central and southern Italy does not. It is good, fertile, well-drained soil. Mechanisation is easy, the agricultural population per hectare is relatively low, distribution is good and farms are large.

For historical and political reasons going back to the land reforms after the war Italy's agricultural land is badly fragmented into smallholdings worked by owner-farmers. Nearly 70 per cent of all holdings are under five hectares. Out of a total of 2.5m farms only 19,000 are larger than 100 hectares. Some 350,000 are concentrated in Sicily.

One of the ways designed to help smallholders has been the formation of co-operatives. These are used mainly as sales outlets or for such things as preserving and pressing olives. They also supply grain, fertilisers and pesticides. Their potential as suppliers or leasors of farm machinery is still under-utilised.

The co-operatives have been particularly successful in regions such as Tuscany, Umbria, Friuli-Venezia, Giulia, where they have also considerable political weight. One criticism raised against them is that they help those who can help themselves, not those with the greatest need. They have never caught on in, for example, Sicily, where only 9 per cent of all farms belong to co-operatives compared with 43 per cent in Tuscany. Furthermore, it has been the medium-sized farms which have made the most use of co-operatives, not those under five hectares.

Government and Common Market financial aid is also failing to get through to those most in need. Administrative inadequacies, particularly in the South, have often meant that information has not been available, that applications for grants are not made and that the money therefore lies idle in Rome or Brussels. The Ministry of Agriculture accuses the regional governments of inefficiencies. The Communist Party, however, has been quick to reply that the regions controlled by the Left, mostly in central and northern Italy, can point to increased farm production, mechanisation and employment of technicians as proof of subsidies well spent.

Advisory services

Efforts are now being made by big industrial companies to provide assistance to the small farmer. Montedison, which has a vested interest because of its production of fertilisers, pesticides and herbicides, is now branching into advisory and technical services for agriculture. A special division offers advice on such projects as irrigation and drainage systems, greenhouse design and maintenance, the use of solar energy in agriculture, and waste recycling.

Efforts to link the farmer and the food processor are being encouraged with Government subsidies. But vertical integration from cultivation or rearing of livestock through to the tinned or frozen end-product is still relatively rare. Both the farmer and the consumer have been obstacles to this sort of development.

The interest among insurance companies in farming is proof enough that it can be a very profitable business. In the South as in the North, on small farms as well as on large estates, Lloyd Adriatico, le Assicurazioni Generali, SAI and RAS all have some sort of investment in farming, from fish breeding to dairy farming and rice growing.

Almost all successful farmers in Italy have the same story to tell. They need high quality produce, which often means replanting and restocking, considerable mechanisation, help from research and advisory services and good distribution. The initial investment may be high but the cost is borne largely by the Government and the EEC.

Mary Venturini

ECONOMIC VIEWPOINT

Last thoughts on a bold Budget

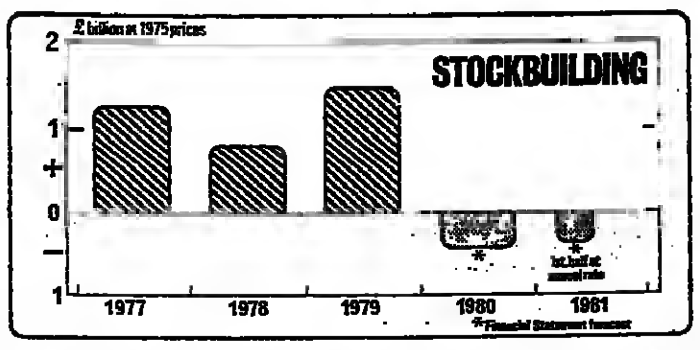
SOMEONE asked me the other day if I had ever praised a Budget before the present one. I seem to remember being at least mildly favourable to the Jenkins Budgets of the late 1960s designed to make devaluation work.

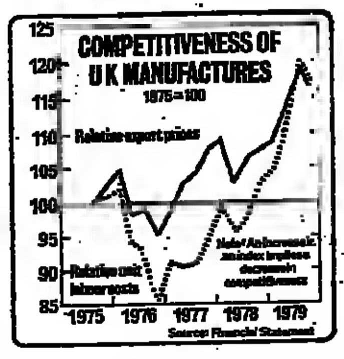
But what I do remember clearly is welcoming the floating of the pound in 1972 and then being blamed because it did not produce an instant miracle. It was not meant to and could not have done.

Floating rates did, however, do all that could be expected of them. This was to allow independent countries pursuing widely different domestic policies to continue trading without balance of payments crises and with a surprisingly sparing resort to exchange and trade restrictions, considering the violent shocks to which the world economy was subject from the oil price increases and the subsequent recessions.

A medium-term plan for reducing monetary growth has this in common with floating rates: it is a policy which, if adhered to, will cope with one specific problem, that of double digit inflation. It will not remove a century-old lag in British productivity growth, revolutionise industrial relations or remove the labour market distortions which have raised the British unemployment rate to the low millions.

All these other problems are, however, aggravated by a high and unstable rate of inflation. (High rates of inflation are bad mainly because they are never stable.) Price and wage signals, on which the market mechanism depends, are obscured; investment horizons are shortened and social tensions are sharpened as people have to resort to collective action to maintain their place in the pecking order. Thus a return to an inflation rate well





into single figures, which is within our grasp if the plan is followed, would remove an important aggravating factor, but is not itself a recipe for transforming the supply side of the economy.

Listening to Mr. Healey's show of indignation, I could not help thinking how happy he would have been to have produced a monetary and fiscal strategy himself. To do that he would have had to have changed the way Treasury economists worked instead of shouting at them.

Real plan

But if he had got past that point he would certainly not have understated what he had done. We would have been told that the UK was a pioneer in attempting what no other mixed economy had so far done. The strategy would have been sold as a real plan which, by concentrating on the things that government could do, avoided the mistakes of the George Brown effort. Selective approving quotations from distinguished international bankers would have been produced.

The whole operation would have been heralded by a boastful announcement of the advance repayment of international debt; and backbenchers who criticised the deliberate overcaution of the growth projections would have been told that they were "out of their tiny little Chinese minds."

Whether it is better to overplay policies in the Healey manner or underplay them in the Howe one is a matter of taste. It is more important to note that the projections in the Financial Strategy vary in their logical status. The central policy target, to which everything else is subordinate, is the phased reduction of money supply growth from 7 to 11 per cent in 1980-81 to 4 to 8 per cent in 1983-84. This target should be read together with the introduction to the Green Paper on Monetary Control, which explains that if the monetary system is free of distortions such as the corset, the different monetary aggregates will move roughly in line with each other; but there is nothing sacrosanct about the particular definition of "Sterling M3"—the object being to control money and credit rather than massage a particular number.

The fiscal projections are instruments for achieving the monetary objectives. The key instrument is the Public Sector Borrowing Requirement (PSBR) expressed as a proportion of the Gross Domestic Product. The downward path shown, from 4¾ per cent in 1979-80 to 3¾ per cent in 1980-81 and 1½ per cent in 1983-84, is an honest estimate of what is required to reach the monetary goal without prohibitively high interest rates. But clearly the fiscal goals are subject to revision in the light of experience. In particular, while it is important to stick to the downward path of monetary growth, it would be no tragedy if the PSBR percentage deviated upwards in recession and downwards in recovery periods.

The expenditure and revenue projections are of an altogether lower logical status. If either expenditure or revenue differ from the suggested path, it will not greatly matter for stabilisation purposes, so long as the gap between them is kept under control.

Cambridge type

They are in fact based on quite astonishingly pessimistic growth projections — which assume almost zero growth without North Sea oil. I suspect that their origin lies in a Treasury Medium-Term Assessment of a Cambridge type, which assumes that tight money will lead to demand deficiency through a permanently overvalued exchange rate—in contrast to Sir Geoffrey Howe's own belief that growth in the medium-term is supply determined.

But the Ministers and officials who supported the strategy (and who won only by the skin of their teeth) were absolutely right to turn this scepticism to their own advantage. They did so by basing public spending plans on over-cautious growth assumptions rather than on the over-optimistic ones of the past exhibited by the famous porcupine chart (published on Page 4 in today's Financial Times). There is a vital difference between the monetary and PSBR aggregates which represent *intentions* and the growth assumptions which are merely forecasts, if that.

Growth is likely to be higher and North Sea oil revenue higher than the Treasury assumes (the official oil estimate was deleted at the last moment because of the EEC Budget negotiations, even though it was highly conservative). Thus a Government in 1983-84 might have a much larger "Budget margin" to play with than the £3½bn shown; and there would be a choice between cutting taxes further, increasing public expenditure while keeping it at 40 per cent of the national product, eliminating the PSBR, or some mixture of all three.

The important point, however, is to monitor the progress of the strategy. We need to roll it forward, but also check its past progress. That is the only way to avoid "base drift"—an inelegant U.S. term for the way in which the Fed went on publishing modest yearly monetary target from an ever rising base, which reflected the overrun of earlier periods.

The short-term economic forecasts should not be forgotten. No "unparalleled austerity" is expected for consumers whose spending is supposed to rise in volume by 1 per cent per annum. Indeed by far the greatest recessionary force is stockbuilding, which is expected to switch from nearly £1.5bn (at 1975 prices) last year to *minus* £0.5bn in 1980. This alone accounts for about three-quarters of the predicted 2½ per cent fall in output.

If anything remotely on this scale occurs one may expect a dramatic fall in bank borrowing. The latter should in its turn bring a sharp drop in nominal interest rates if the authorities really do pursue a money supply policy. (There are some similarities with 1977 when MLR fell to 5 per cent.)

Enthusiasts

Indeed, by next autumn or winter we may be in one of those phases when money supply enthusiasts criticise the Bank of England for too slow a rate of monetary growth. I think, however, we can rely on the Prime Minister to ensure that interest rates do not remain up for a day longer or a point higher than absolutely necessary.

Lower nominal interest rates should in turn lead to a lower exchange rate, thus solving part of the problem of the decline in cost competitiveness with which it is so fashionable to castigate the Government. Other things being equal a fall in sterling would undermine the counter-inflationary effort. But they will not be equal. For the likelihood is that world inflation will be tailing off rapidly, thus offsetting the inflationary impact of depreciation.

A glance at the index of mainly imported materials and fuel purchased by British industry tells us more about UK inflation than election dates, VAT increases or the other staples of political arguments. These input prices were actually falling in 1978 — the year that Mr. Healey really did achieve 8 per cent inflation; but by this winter input prices were rising over 40 per cent.

They are now however rising by much less, if at all. World commodity prices have been falling for the last few weeks—most dramatically silver, but other metals too. The premium on spot oil has virtually disappeared. The prices of world manufactured goods move less dramatically and with a lag; but their rate of increase should be well down by the end of the year in response to anti-inflationary policies in many countries.

But it would be a pity if lack of space were to give the impression that the only important parts of the Budget were in the "macro" field. There were many small changes — quite apart from the enterprise zones —likely to improve work incentives and remove investment deterrents to small companies.

The most ingenious stroke was to use the proceeds of the abolition of the lower rate tax band, not to take a point or two off the basic tax rate, but to allow the full Rooker-Wise indexation of the tax thresholds.

This prevented the poorer taxpayers from being dragged back into the tax net by inflation. Yet at the same time it clawed back sums from people in the middle and upper ranges in the context of a pretty tough Budget that increased the real tax burden by about £1bn, as frankly admitted in the Financial Statement. It is probably this switch of emphasis more than anything else which caused attacks on the Budget on social grounds to fizzle out. Unlike last year's, the 1980 Budget is decidely not a "Tory Budget."

For the average taxpayer, nominal payments were reduced by 11 per cent. This is the same percentage by which the discretionary Social Security benefits were increased. It is not entirely a coincidence that this is also the upper end of the money supply target range. The 11 per cent figure is clearly meant to stick in the minds of wage bargainers.

A most important, but little noticed, change is that from next year the Rooker-Wise indexation of thresholds will be extended to the higher rate bands. Instead of opposing this, the Chancellor's critics would be better advised to argue for a similar indexation of child benefits, a matter on which his mind is not completely closed.

Thus most of the silly talk we heard earlier this year about indexation being the main cause of inflation has disappeared. Instead the idea of a formula adjustment for most of the main thresholds in the tax and transfer system is gaining bold.

The formula is related to the inflation rate, but the principle has been clearly established that in periods of economic difficulty this adjustment factor may have to be somewhat less. Once this is clearly established and understood, it will be safe for the Government to issue indexed bonds without the dire inflationary infection feared by the do-nothing brigade.

Its willingness to issue such bonds is the crucial test of whether the Government believes, understands, and is prepared to follow its own strategy. This is not merely my view but that of at least one very highly placed official observer, who by no stretch of the imagination could be called a Friedmanite. The test is still to be resolved.

Samuel Brittan

Letters to the Editor

Civil Service numbers

From the Secretary General, Civil Service National Whitley Council Staff Side

Sir,—Although I am bound to dislike the terms used in your editorial of March 24 to describe the Civil Service (a Hydra with 700,000 heads), I must acknowledge your attempt to put matters in perspective regarding civil service manpower while at the same time deprecating a rather cheap jibe. It is unfair and unworthy to state that civil servants give primacy to preserving jobs rather than services to the public. It is untrue. As you point out it was Ministers in charge of departments who were asked to prepare the various options for manpower reductions and it was Ministers who authorised final plans for their own individual departmental circumstances. In the period immediately prior to the December announcement, in spite of an increase in Home Office numbers, the overall manpower of the civil service had dropped by 24,500. To this must be added the December figure of 39,000 and the more recent estimate of a reduction of 15,000 to 20,000 jobs in the context of cash limits. As you say a sizeable percentage reduction.

What has happened simultaneously is the Government's intention to introduce new measures in the field of social security coupled with the sharp rise in unemployment. Tighter scrutiny for one and longer queues occasioned by the other must necessitate an increase in staff. This fact should be viewed outside the context of manpower reductions. It is a direct result of Government action. As is the increase in the Home Office manpower.

You say in effect, that greater efficiency must be achieved by measures related to output and productivity. The civil service unions on behalf of their members, have an excellent record of co-operation in searching for and achieving efficiency. It is at the unions initiative that there are currently joint discussions taking place on the whole field of new technology. While I do not necessarily dissent from your long-term outlook it must not be forgotten that in a modern state there are large areas where individual problems have to be dealt with and that these are not necessarily capable of being solved by blanket computerisation.

I certainly find myself in complete agreement with your concern over the question of unplanned manpower reductions as a result of cash limit squeezes. The cash limit announced for 1980/1981 — I will assert — is a completely arbitrary figure, which apart from breaking the civil service pay agreement (and possibly the arbitration agreement), will impose the blanket type of cut which is to be deplored. It is this kind of action which will produce only bad effects — a demoralised and sullen labour force, a backlog of work and an inevitable reduction in the level of service to the public.

W. L. Kendall,
Civil Service National Whitley Council Staff Side,
19 Rochester Row, SW1.

The march of communism

From Mr. P. Vander Elst

Sir,—Mr. Davie-Thornhill's view (March 21) that in a nuclear age we are better red than dead, poses a false dilemma based on ignorance of the real nature of Communism.

Wherever Communism has triumphed, mass murder has followed in its wake. As scholars like Robert Conquest and Professor Kurganov have shown, anything between 40m and 66m Russians have been killed in internal repression since 1917. Similarly, Sinologists, like Professor Richard Walker, calculate that between 30m and 60m people have been liquidated by Chinese Communism since 1949. And what about the Cambodian holocaust in which one-third of that country's total population recently perished in the most atrocious circumstances?

The unpalatable fact is that Communism has taken a larger toll of human life in this century than both world wars combined. Is it then so obvious that a surrender to totalitarianism is preferable to the risk of nuclear war?

Mr. Davie-Thornhill's view that Communism's intentions "are nominally noble" and that "Communism may develop in less objectionable ways" in the future, is wishful thinking even if we ignore the accumulated evidence of history. Lenin actually warned posterity in advance that "if for the success of Communism we must exterminate nine-tenths of the population, we must not recoil from such sacrifices."

Philip Vander Elst.
Parkleys, Ham, Surrey.

Quarterly charging

From the Managing Director J. R. Taylor (Fashions)

Sir,—The banks contemplate their vast profits and the Chancellor contemplates how to tax them and everyone talks about how to help the small and large businesses alike, who are having to pay excessive interest rates on their borrowings.

At last I have seen action — our bank has decided to charge interest on our overdraft, quarterly instead of half-yearly, thus ensuring not only do we pay the high interest but also pay high interest on that high interest. I cannot see how this can be justified when it still only pays interest on deposit accounts half-yearly. This, however, now seems to be becoming the standard practice in the banking world.

Would it not be better for the banks to at least go back to half-yearly charging, if not yearly charging, thus to be seen to be helping the businesses and taking pressure off themselves for an excess profits tax?

J. J. Taylor.
J. R. Taylor (Fashions),
St. Annes on Sea, Lancs.

Spending oil revenues

From Mr. G. Hansard

Sir,—Hazel Duffy reported (March 6) that the Chancellor is seeking views on how he should spend the oil revenues. I suggest that he should use them to foster the regeneration of British industry.

He should discriminate in favour of manufacturing companies—the established, the struggling, and the as yet unborn—using the revenues to fund corporate incentive schemes, high-risk ventures and acorn enterprises. For existing companies, he should provide strong, positive financial incentives to perform better year by year. Those which improve their economic performance should receive cash awards proportional to the rate of improvement. Those which do not improve should get nothing. The criteria should be conversion efficiency, wealth creation, asset turnover and organic growth, and the scheme should be structured somewhat as follows.

Companies would earn bonus points for annual improvements in significant economic performance indices, e.g. added value/purchases; added value, cash flow, inventories and turnover to average total assets (not capital employed); exports/turnover; organic growth in terms of added value and/or turnover (but not total assets). The emphasis would be on corporate productivity, rather than so-called "labour productivity."

Bonus points would be converted into cash awards by relating them to added value, thus taking into account the scale of operations and the amount of wealth created.

The cash awards would have to be invested by the recipient companies in new plant, new products, export promotion, organic growth, and similar worthy causes.

High-risk ventures and acorn enterprises would normally qualify for direct aid, provided they satisfied certain basic criteria; but the rules would not be applied oppressively.

The project had better be administered by an experienced, imaginative, thrusting entrepreneur. Poetic justice, and his record, suggest that the job should go to Lord Kearton.

Gerald Hansard,
65 Linton Crescent,
Leeds, Yorks.

Travelling by train

From Mr. R. Downs.

Sir,—What is happening to British Rail?

In the middle of the month I travelled from the Midlands to Yorkshire and return and the following events occurred. At Sheffield I had to change trains and enquired from a porter on the platform, the details of the connection. He gave this to me courteously and concluded by, quite sincerely, asking me how I was that day. At Bradford while waiting in the diesel train for the driver, he appeared alongside me and pleasantly wished me the time of day. At Leeds I had some luggage to leave for an hour or two while waiting for a train connection and enquired from the luggage attendant the most economical way of dealing with this. He offered change for my 50p and advised me to put it in one of the 20p lockers. He then followed me to the locker and carefully instructed me how to insert the luggage and made sure that I had put the money in the correct slot. On the train south from Leeds to Birmingham, the buffet car attendant was a lady, who when I arrived, was paying great attention to a middle-aged lady who was having difficulty in carrying her food to her table, making sure that the tea was not spilt and the food not dropped on the floor. When attending to my requirements, she was not only cheerful, but gave the impression that she was interested in what she was doing.

For the cynic, I must place on record that I am not an attractive young lady, but a normal middle-aged man in his late fifties.

R. H. Downs,
Coin de Haut, Coin Colin,
St. Martin's, Guernsey.

It beats flying

From Mr. P. Willings

Sir,—What a shameful thing it would be if British Rail feebly cancels the night sleeper to Paris as your report (March 27) suggests.

It is a classic case of letting a service deteriorate and then saying "no one wants it so let us cancel it."

The Paris sleeper has two great merits over flying: for much of the year you can have your first meeting in Paris 90 minutes earlier than the first flight permits; and it offers a style wholly lacking in the air journey.

With some bracing up of the supervision, some adequate marketing of the advantages and at least a supper trolley, this could almost certainly be made profitable to both railways.

You could continue, Sir, to be woken with breakfast in bed before rising to shave comfortably, dress and descend in a civilised manner. Your air travelling competitor struggled to check in by 06.00 at the hell that is Heathrow, is having a nasty cramped and delayed flight. He will arrive much later than you and, crumpled, try to catch up.

Please exhort British Rail to try at least to improve and promote rather than let lapse this useful and pleasant service.

P. J. Willings.
Cunnington and Associates,
Chesham House,
150, Regent Street, W1.

Trade unions and industry

From Councillor W. Williamson

Sir, — Your correspondent H. G. Bearston (March 21) has totally ignored the difficulties in which businesses which are capital intensive find themselves with the trade unions. Manning levels have to be agreed and the productivity of the new equipment can be much reduced by over-heavy labour costs. Also when expenditure on new plant has taken place the employer is much more vulnerable to labour disputes — an extended strike can destroy the capital base of the business.

It really is not surprising that many companies are less then eager to invest heavily in more productive machinery and that our competitors overseas with co-operative labour can show enormous increases in productivity to our eventual loss of business.

Trade unions really must tackle the problem. We cannot continue as a manufacturing nation without similar support from our workers.

W. M. Williamson.
"Carisbrooke,"
69, Hill Road,
Portchester, Hants.

Today's Events

GENERAL

UK: Aston-Martin-led consortium trying to buy MG cars business meets BL management, London.

Rating and Valuation Association statement on new rate poundages and products.

Mr. Nicholas Fairbairn, Solicitor-General for Scotland, speaks at Maidenhead.

Electrical Power Engineers' Association annual delegate conference, Llandudno (until April 2).

One-day strike called by radiographers and therapists.

Cunard announces new programme for QE2 world cruises.

British Psychological Society annual conference, Aberdeen.

Computer Aided Design conference and exhibition opens, Brighton (until April 2).

Overseas: President Carter's revised Budget presented to Congress, Washington.

Sir Peter Gadsden, Lord Mayor of London, visits Tunis.

PARLIAMENTARY BUSINESS

House of Commons: Continuation of Budget debate.

House of Lords: National Heritage Bill, consideration of Commons reasons for disagreeing with Lords amendment. Education Bill, third reading. Import of Live Fish (England and Wales) Bill, second reading. Debate on the Harrier programme.

Select Committee: Home Affairs. Subject: The law relating to public order, processions and public meetings. Witness: Mr. Sydney Bidwell. Room 8, 5 pm.

COMPANY MEETINGS

See Financial Diary on Page 19.

COMPANY RESULTS

Final dividends: Attock Petroleum. BBA Group. Booker McConnell. Combined English Stores. The Dinkie Heel. Federated Land and Building. First Castle Securities. Freemans (London SW9). Glynwed. House Property Company of London. The Low and Bonar Group. Macfarlane Group (Clansman). Magnolia Group (Mouldings). Stanley Miller Holdings. Ocean Transport and Trading. Reed Executive. Interim dividends: Bryant Holdings. Eleco Holdings. Newman Tonks Group. Saga Holidays. Interim figures: Emess Lighting. Greencoat Properties.

Charterhouse Japhet confident for 1980

LOOKING TO 1980 and beyond, Mr. M. H. Wells, *chairman of* Charterhouse Japhet, tells shareholders the company feels confident in the prospects for this banking wing of the Charterhouse Group.

As known, profits for 1979 rose to a record £1.39m, compared with £949,000 for the previous 15 months, after tax and transfer to inner reserves.

As at December 31, the issue share capital was increased by £3m to £12m, and although this did not affect performance during the period, "we have strengthened our foundation for sustained growth in the future," Mr. Wells states.

The company has made substantial progress in most areas at home: the bank's position in the London market as a leader in the trading of gold coins, Krugerrands, Maple Leafs and Sovereigns helped to produce a record income.

The Export Finance division entered into contracts exceeding £20m, and established facilities with buyers in 38 countries—contracts confirmed included a turnkey dairy farm project in the North Yemen and sale of prefabricated bridges to a Venezuelan Government department.

"The positive trend of our earnings growth has continued in a period of uncertain economic outlook and provides encouraging evidence of our sound position in both domestic and overseas markets," the chairman states.

Balance sheet shows an increase in current, deposit and other accounts from £101.8m to £153.6m. Loans, advances and other accounts totalled £83.9m (£47.2m). Money at short notice was £13.7m (£649,000).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Bryant Holdings, Elsco, Newman Tonks, Saga Holidays.

Finals—Attock Petroleum, BBA, Booker McConnell, Combined English Stores, Dinkie Heel, Federated Land and Building, First Castle Securities, Freemans (London S.W.9), Glynwed, House Property, Low and Bonar, Macfarlane Group (Clansman), Stanley Miller, Ocean Transport and Trading, Reed Executive, Rockware.

FUTURE DATES

Interims—
Charterhall .... April 1
Free State Geduld Mines .... April 17
President Brand Gold Mining April 17
President Steyn Gold Mining April 17
Welkom Gold Mining .... April 17
Western Holdings .... April 17

Finals—
Alva Investment Trust .... April 10
Bestwood .... April 2
Brocdon and Cloud Hill Lime April 3
East Rand Gold Uranium .... April 17
Harris Queensway .... †April 2
Jersey Electricity .... April 17
Jove Investment Trust .... April 2
Ryan (L.) .... April 3
Wilkinson Warburton .... April 2

† Amended.

Brokers pick likely retail winners

In a mammoth review of the retailing sector "Retailing in the Eighties" brokers Capel-Cure Myers have selected seven stocks as the "likely winners" for the next decade.

However, the four-man analyst team at CCM is far from enthusiastic about the food retailing sector. Among its "seven" there is just one food company, Associated Dairies, and that only rates as a "hold" compared with a "buy" for the other six—Burton, Comet, Harris Queensway, MFI, Mothercare and W. H. Smith.

Of the seven food retailers included within the survey of 42 companies only one is favoured as currently worth buying. Kwik Save is expected to show above-average profits growth for several years.

Early and Marriott downturn

A FALL of £154,811 in the second half at Charles Early and *Marriott (Witney)* pushed taxable profit for the year to February 1, 1980, down from a peak £560,046 to £421,147.

However, a reduced tax charge of £122,903, against £268,000, left the net surplus marginally ahead from £292,048 to £298,244 and the net total dividend is being maintained at 2.2122p by a 1.8972p final.

Also, despite lower consumer spending and the mild winter depressing the blanket trade, the blanket and floor covering manufacturer's sales were up from £7.19m to £7.46m with £5.24m, compared with £5.04m, coming from the home market.

The company says that the strength of sterling led to a further surge of imports and reduced the competitiveness of the company's exports.

There was an extraordinary gain of £35,501 this time arising from the sale of surplus land and buildings. At year-end, contracts for new plant and machinery amounting to £18,000 (£128,000) had been placed.

Comparative figures have been restated to reflect changes in accounting policies on deferred tax and depreciation on buildings.

MINING NEWS

Rio Algom searches for uranium sales

RIO ALGOM, the *Canadian* uranium producer, in the Rio Tinto-Zinc group, needs to find sales contracts for 13.7m lbs of uranium oxide to make good the loss last year of a long-term agreement with the Tennessee *Valley Authority.*

The TVA contract, repudiated in July, was for 17m lbs of uranium to be delivered between 1979 and 1990. An initial 0.5m lbs sent to refiners on TVA's behalf was recovered by Rio Algom and sold elsewhere. New contracts for 2.8m lbs have since been obtained and of this 0.5m lbs have been delivered.

Marketing programmes have been initiated to win more contracts, Mr. R. D. Armstrong, the chairman, said in the annual report just published. But, he noted, "the general market for uranium is not strong."

The group's operating profits from uranium dropped last year by C$13.7m to C$43.26m (£16.7m), *mainly because higher* operating costs wiped out higher average prices.

Rio Algom, which now embodies what used to be Preston Mines, is fortunate to the extent that the greater part of its future production is covered by long-term contracts, the principal agreements being with Ontario Hydro. Contracts in hand total 127m pounds.

As the Ontario Hydro contract — for 72m pounds — include a profit allowance, the group is in a sound position to withstand what many uranium industry specialists concede will be a few thin years. The search for replacements to the TVA contract is thus burdensome but not a matter of life or death.

According to Mr. Armstrong, Rio Algom does have factors working in its favour. They are an "impeccable record of delivery performance," available capacity in operations already financed and on stream, and long established relationships with uranium users.

The future of Rio Algom, in any event, is assured—which is more than can be said for Mary Kathleen, the Rio Tinto-Zinc group's Australian producer. The *Commonwealth Government* is having little success in selling its 41.6 per cent stake. The company has so far failed to find any new ore deposits to compensate for its dwindling ore reserves.

Mary Kathleen is "*intensifying its investigation of possible* avenues of investment in the uranium mining industry." Mr. J. J. Liebelt, the chairman, said in his annual statement.

Malaysian Tin results

THANKS TO higher tin prices and increased production of tin concentrates, Malayan Tin Dredging has lifted net profits for the six months to December 31 to M$8.7m (£1.8m) from M$5.95m a year ago when the second half lifted the 1978-79 total to M$15.9m.

For the year to last June only one dividend of 105 cents (21.4p), less Malaysian income tax at 40 per cent, was declared. But an interim of 235 cents was also declared for the current year to next June and it was anticipated that there would be two further payments for 1979-80. One of them is now declared, it being of 145 cents.

Southern Malayan Tin also enjoyed higher metal prices in the past half year to Dec. 31 but tin concentrates production was lower. As a result the net profit for the period *has fallen* to M$5.99m from M$6.22m and the total for the year to last June of M$11.68m.

Southern Malayan is paying a second interim for the year to June 30 of 170 cents less tax and a further payment for the year is expected in due course. The first interim was 160 cents. For the previous year to last June there was only one payment of 175 cents.

Killinghall Tin (Malaysia) reports a net profit of M$2.29m for 1979 and is declaring a final dividend of 40 cents less tax to make a total of 100 cents. It is also proposed to make a one-for-one scrip issue. Increased earnings are forecast for this year.

L & G pays windfall bonus

The with-profit policyholders of Legal and General Assurance Society are receiving a special windfall from this year's bonus declaration, besides getting higher reversionary bonus rates.

In addition to higher yields on the funds and success in controlling administration expenses, an improvement in the balance of liabilities and assets of the funds has enabled the Society to declare a special bonus of 10 per cent of attaching bonuses, excluding the current declaration.

The main benefit, therefore, will go to the longer-duration policyholders, but it would appear to be a one-off special payment.

On whole life and endowment assurances, including the Cashbuilder policy, the main reversionary bonus rates are improved by 20p to £4 per cent of the sum assured and £5.20 per cent of attaching bonuses. But the terminal bonus, payable on death or maturity claims, is kept at 30 per cent of attaching bonuses for whole life and endowment and 25 per cent for the Cashbuilder.

On personal pension policies, the reversionary bonus rate is lifted by 25p to £4.25 per cent compound, with the terminal bonus maintained at 40 per cent of attaching bonuses.

The bonus rate on the HP3 executive retirement plan, which alone does not qualify for the special bonus, is increased from 3¾ per cent to 4¼ per cent compound, with an unchanged 30 per cent terminal bonus.

FT Share Information

The following securities have been added to the Share Information Service appearing in the Financial Times:—

Bridge Oil (Section: World Markets—Australia);

Woodside Petroleum (Section: World Markets—Australia).

Firmin holds on despite strike

DESPITE suffering a two-month strike which reduced manufacturing profits by £116,000, Firmin and Sons, the badges, buttons and military accoutrements maker, finished 1979 with a pre-tax surplus only £19,000 down at £378,000.

Merchanting profits were more than doubled from £73,000 to £151,000 and this, together with higher investment income of £64,000 (£45,000) helped offset the downturn in manufacturing from £279,000 to £163,000.

A final of 2p lifts the net dividend to 3p, compared with last year's total of 2.05791p, adjusted for a one-for-one scrip issue.

Net profit, after tax of £137,000 (£166,000) rose from £231,000 to £241,000 and earnings per 25p share are shown as 9.3p (8.9p).

Dividends absorb £78,000 (£54,000), leaving retained profits of £163,000 (£177,000).

Turnover improved from £1.86m to £1.95m.

M & S Canada restores dividend

Reporting a recovery from a net loss of $1.25m to earnings of $3.3m for the year ended January 31, 1980, Marks and Spencer Canada is paying its first dividend since September, 1975, with a payment of 5 cents per common preference share. The board intends that future dividends will be paid on a semi-annual basis.

Earnings per share are shown as 0.49 cents (0.23 cents) before extraordinary items, or as 0.69 cents (0.26 cents loss) after the same.

SPAIN

1980 High	1980 Low		Mar. 28 Price %
227	205	Banco Bilbao	225
258	220	Banco Central	244
220	206	Banco Exterior	206
228	208	Banco Hispano	220
137	130	Banco Ind. Cat.	130
175	154	Banco Madrid	154
274	239	Banco Santander	260
190	157	Banco Urquijo	162
238	208	Banco Vizcaya	232
209	200	Banco Zaragoza	205
106	100	Dragados	100
62	58	Espanola Zinc	62
59	63.2	Fecsa	58
40	25	Gal. Preciados	27
66.7	58.7	Hidrola	64.7
63	57.5	Iberduero	57.7
120	106.2	Petroleos	108
73	59	Petroliber	59
115	107	Sogefisa	107
57	53	Telefonica	54.5
66.2	58.2	Union Elect.	64

Analysis of bank advances and acceptances

to UK residents by banks in the UK at February 20, 1980; as Table 5 in the Bank of England Quarterly Bulletin.

£m

		Advances & acceptances to UK residents: Total	of which in sterling	of which in foreign currencies	Financial: Total financial	of which in sterling	Hire-purchase finance houses	Property companies	Other financial
London clearing banks	1979 Nov. 21	23,100	31,829	1,270	1,994	1,694	179	794	1,021
	1980 Feb. 20	24,703	23,473	1,230	2,037	1,757	191	821	1,025
Scottish clearing banks	1979 Nov. 21	3,071	2,825	246	309	232	95	86	128
	1980 Feb. 20	3,293	3,048	245	364	292	115	80	170
Northern Ireland banks	1979 Nov. 21	782	780	1	33	32	3	25	5
	1980 Feb. 20	829	828	1	33	33	2	25	6
All banks	1979 Nov. 21	55,064	44,212	10,853	9,447	6,494	1,852	2,166	5,429
	1980 Feb. 20	57,453	46,731	10,722	9,566	6,751	1,912	2,210	5,445
of which in sterling	1979 Nov. 21	44,212			6,494		1,810	1,913	2,770
	1980 Feb. 20	46,731			6,751		1,872	1,920	2,959
Changes: in sterling	1979 Aug./Nov.	+2,583			+476		+213	+ 53	+210
	Nov. '79/Feb. '80	+2,519			+258		+ 62	+ 7	+189
in foreign currencies adjusted for exchange rate effects§	1979 Aug./Nov.	+ 126			−191		+ 8	− 6	−192
	Nov. '79/Feb. '80	+ 499			+ 48		—	+ 54	− 6

		Manufacturing: Total manufacturing	of which in sterling	Food, drink and tobacco	Chemicals and allied industries	Metal manufacture	Electrical engineering	Other engineering and metal goods	Shipbuilding†	Vehicles	Textiles, leather and clothing	Other manufacturing
London clearing banks	1979 Nov. 21	6,291	5,997	868	637	402	500	1,512	415	196	575	1,184
	1980 Feb. 20	6,868	6,552	850	702	395	604	1,723	409	239	656	1,292
Scottish clearing banks	1979 Nov. 21	713	696	160	46	38	35	110	146	17	61	100
	1980 Feb. 20	754	732	159	55	32	32	141	143	21	68	103
Northern Ireland banks‡	1979 Nov. 21	133	132	34				41			27	30
	1980 Feb. 20	138	138	36				48			26	28
All banks	1979 Nov. 21	14,880	12,542	2,459	2,673	909	1,201	2,716	631	670	1,059	2,563
	1980 Feb. 20	15,767	13,189	2,467	2,765	885	1,336	3,031	622	774	1,154	2,732
of which in sterling	1979 Nov. 21	12,542		2,029	1,922	795	1,037	2,430	600	638	942	2,147
	1980 Feb. 20	13,189		2,036	1,905	761	1,181	2,685	688	703	1,048	2,282
Changes: in sterling	1979 Aug./Nov.	+632		+178	+132	+ 28	+133	+134	+ 14	+ 7	−107	+112
	Nov. '79/Feb. '80	+647		+ 6	− 17	− 34	+144	+255	− 12	+ 65	+106	+134
in foreign currencies adjusted for exchange rate effects§	1979 Aug./Nov.	−120		+ 38	−135	+ 29	− 23	− 27	− 3	+ 4	− 9	+ 7
	Nov. '79/Feb. '80	+398		+ 30	+162	+ 18	+ 1	+ 79	+ 5	+ 43	− 3	+ 63
Advances only All banks	1979 Nov. 21	12,938	10,635	2,064	2,291	721	1,035	2,468	624	471	949	2,314
	1980 Feb. 20	13,743	11,191	2,079	2,428	876	1,122	2,782	611	551	1,017	2,476

		Other production: Total other production	of which in sterling	Agriculture, forestry and fishing	Mining and quarrying	Construction	Persons: Total persons	of which in sterling	For house purchase	Other
London clearing banks	1979 Nov. 21	3,234	3,193	1,793	167	1,274	5,104	5,100	1,652	3,452
	1980 Feb. 20	3,434	3,407	1,858	173	1,402	5,249	5,245	1,706	3,543
Scottish clearing banks	1979 Nov. 21	660	606	484	64	112	528	527	165	363
	1980 Feb. 20	727	671	516	67	144	534	533	164	370
Northern Ireland banks	1979 Nov. 21	213	213	152	5	56	176	175	49	126
	1980 Feb. 20	228	228	167	5	56	180	180	47	133
All banks	1979 Nov. 21	6,079	5,258	2,603	1,449	2,027	7,508	7,492	2,293	5,215
	1980 Feb. 20	6,370	5,564	2,689	1,469	2,212	7,747	7,728	2,364	5,384
of which in sterling	1979 Nov. 21	5,258		2,587	732	1,939	7,492		2,292	5,200
	1980 Feb. 20	5,564		2,652	779	2,133	7,728		2,362	5,366
Changes: in sterling	1979 Aug./Nov.	+188		+145	− 46	+ 89	+485		+220	+265
	Nov. '79/Feb. '80	+306		+ 65	+ 47	+194	+235		+ 70	+166
in foreign currencies adjusted for exchange rate effects§	1979 Aug./Nov.	− 7		+ 2	− 15	+ 7	+ 3		− 2	+ 5
	Nov. '79/Feb. '80	+ 37		+ 23	+ 18	− 4	+ 5		—	+ 4

		Services: Total services	of which in sterling	Transport and communications	Public utilities and national government	Local government	Retail distribution	Other distribution	Professional, scientific and miscellaneous
London clearing banks	1979 Nov. 21	6,478	5,845	522	667	69	1,420	1,233	2,567
	1980 Feb. 20	7,114	6,512	564	718	82	1,422	1,389	[illegible]
Scottish clearing banks	1979 Nov. 21	861	763	134	67	58	145	134	323
	1980 Feb. 20	914	819	120	81	71	145	137	360
Northern Ireland banks‡	1979 Nov. 21	228	228		20	8	88	35	[illegible]
	1980 Feb. 20	249	249		23	7	94	38	87
All banks	1979 Nov. 21	17,150	11,426	1,833	2,482	1,032	2,365	4,218	5,219
	1980 Feb. 20	18,002	13,498	1,869	2,351	1,121	2,296	4,603	5,762
of which in sterling	1979 Nov. 21	12,426		1,192	296	974	3,338	2,726	[illegible]
	1980 Feb. 20	13,498		1,201	507	1,089	2,269	2,923	5,509
Changes: in sterling	1979 Aug./Nov.	+803		+ 46	+ 40	+104	+269	+ 89	+256
	Nov. '79/Feb. '80	+1,072		+ 9	+211	+114	− 68	+196	[illegible]
in foreign currencies adjusted for exchange rate effects§	1979 Aug./Nov.	+441		− 35	+ 14	+ 10	− 7	+401	+ 67
	Nov. '79/Feb. '80	+ 10		+ 56	−250	− 23	+ 2	+274	[illegible]

† Including lending under special schemes for domestic shipbuilding. ‡ The analysis provided by Northern Ireland banks differs slightly from other banks. Chemicals and allied industries are included indistinguishably in "Other manufacturing"; Metal manufacture, Electrical engineering, Shipbuilding and Vehicles in "Other engineering and metal goods"; and Transport and Communications in "Public utilities and national government." § The figures exclude as far as possible the effect of changes in exchange rates on the sterling value of advances in foreign currencies.

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INTERNATIONAL CAPITAL MARKETS

INTERNATIONAL BONDS

BY FRANCIS GHILES

Bleak news on all fronts

LAST WEEK brought more than its fair share of bad news especially from the U.S. Uncertainty overhangs the fate of the U.S. computer leasing company, Itel, which has $3 bonds outstanding. The shares of Bache, one of the largest Wall Street brokerage houses, were suspended following the collapse in the price of silver.

Finally, on Friday a number of U.S. banks raised prime lending rate to 19½ per cent. Meanwhile, all major sectors of the Eurobond market remained virtually in a coma, with the level of trading so thin some days as to appear non-existent.

Investors appear to have decided that, after the past few months of wild speculation in every other commodity available and the heavy paper losses sustained by most bond holders, it is best to sit tight and derive income from deposits, rather than seek any increase in capital value.

The talking point of the week was, without doubt, the first $125m tranche of the proposed $500m 3½-year "tap" dollar issue for the Kingdom of Sweden. The issue was offered last Thursday on the basis of a 15½ per cent yield: the coupon on this issue, which is managed by S. G. Warburg and Salomon Brothers, is 15½ per cent and the final price 99¼.

The yield was very much what some bond houses had expected, about 90 basis points above the yield on three-year U.S. Treasury bonds. The bond, which is split into $25,000 denominations rather than the more usual $5,000, was aimed squarely at institutional investors. With selling and underwriting commissions totalling a grand ½ per cent, it was not surprising that many underwriters based in continental Europe said they had little retail demand for the paper.

Demand in London was greater with many underwriters apparently receiving tight allocations. Yet there was no scramble for the paper in the open market, and some leading banks underwriting the issue described demand for this bond as "spotty." Others said that it had a good reception. On Friday, the bonds were trading at 99¼-99¾ and many underwriters were puzzled as to the exact strength of demand.

One of the managers suggested, however, that the book had been oversubscribed by about 75 per cent.

The appearance of the Sweden issue did give rise to some very lively swapping business. To quote but two of many examples of bonds which investors sold to buy Sweden ones: the 8½ per cent SNCF bond to April 1983 was yielding a solid 60 basis points less than 15.50 per cent while the 8½ per cent Norway bond to April 1983 was yielding 71 basis points less. The volume of swapping was all the greater as the number of straight dollar bonds which mature in 1983 and which offer yields below 15.50 per cent is quite large.

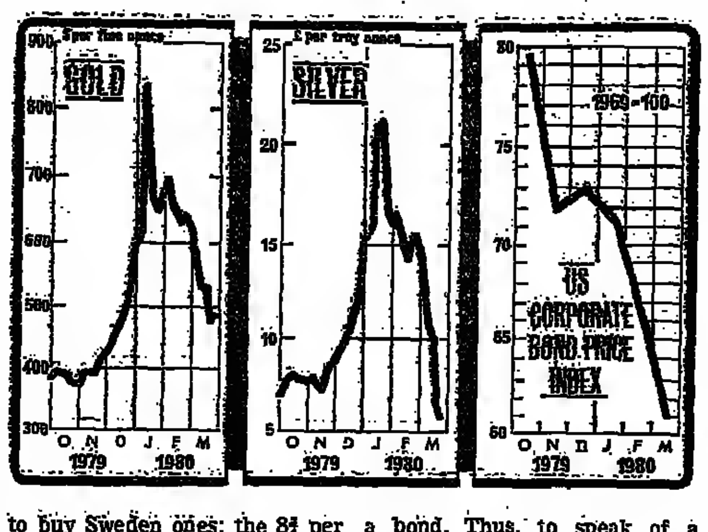
The fact remains that central banks and some large institutions were the major buyers of the Sweden bond: they would appear to view it more as a money market instrument than a bond. Thus, to speak of a window opening in the straight dollar bond market may prove to be premature.

How well placed the Sweden bond really is matters to a lot of people and not just in the bond houses. Borrowers are following the market closely. Indeed, the thought that sends a shudder down the spine of many new issue managers — and some dealers—is the long queue of borrowers, both corporate and sovereign, waiting for the new issue market to reopen. Those in the market who believe that no sane corporate treasurer would raise fixed interest rate funds may be in for a shock. This goes for countries as well. One only has to add up the needs of France, Norway and Sweden this year—to name but a few sovereign borrowers who have great borrowing needs—to make some bankers cry out in pain.

At the same time few of them can see investors being coaxed back into buying paper when short-term interest rates look set to remain so high. Last year's sobering experience suggests that bond houses will think twice before bringing an issue to the market which they well know they cannot place quickly.

The cost of carrying paper in inventory today precludes some of the more rash underwriting decisions of yesteryear.

The new issue foreign D-Mark market remains virtually closed. Only one bond issue is being made until late April and this has already been completed. IBM arranged a DM 200m private placement through Deutsche Bank and Salomon Brothers which offers a record yield to the investor of 10 per cent. Sentiment in this sector was helped last Thursday and Friday by the keen reception afforded to the latest domestic bond for the Federal Government which offers a record yield.



CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
††Citicorp O'seas Fin. (g'teed Citicorp)	200	1982	2¼	—	100	Citicorp	—
‡Sweden	125	1983	3½	15½	99¼	S. G. Warburg, Salomon Bros.	15.339
§Denki Kagaku Kogyo	15	1990	10	11	*	Nikko Secs.	*
D-MARKS							
‡**IBM	20	1986	6	10	100	Deutsche Banks	10.000
FRENCH FRANCS							
EDF (g'teed France)	400	1985	5	14½	*	CCF, Paribas, KIC	*
SWISS FRANCS							
**Austria	25	1983	3	6¾	100	Kredietbank (Suisse)	6.750
**Austria	25	1985	5	7	100	Kredietbank (Suisse)	7.000
‡**§Nissan Diesel	50	1985	—	6¾	100	Daiwa (Europe), SBC	6.750
§Denki Kagaku Kogyo	30	1985	—	*	*	Paribas (Suisse)	*
STERLING							
‡Swedish Export Credit Corp.	20	1985	5	15½	100	Hambros	15.250

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ◊ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ Purchase Fund. Note: Yields are calculated on AIBD basis.

U.S. BONDS

BY DAVID LASCELLES

Interest rates to go still higher

WITH THE effect of the Fed's credit tightening measures still to make itself fully felt in the credit markets, interest rates performed some spectacular gyrations last week. But the underlying trend still seems to be upwards. Bond yields continued to edge higher and some short-term rates hit new peaks.

The biggest influence on the short-term market was the Fed's apparent willingness to tolerate a sharp rise in the key Fed funds rate. As pressures mounted, the Fed steadily pushed its upper intervention limit to greater heights: 18 per cent, then 19 per cent, until it did its final weekend repurchase orders on Friday at 19¾ per cent.

This suggested that the Fed must have set a new upper limit of around 20 per cent at its March 18 Open Market Committee meeting. Its previous published limit was 16½ per cent.

U.S. INTEREST RATES	Week to Mar. 28 %	Week to Mar. 21 %
3-month Treas. Bills	14.45	15.20
3-mnth. Comm. Paper	16.80	16.75
Fed Fund wkly. avge.	18.65	16.51
Treas. 30-year Bond	12.48	12.17
Lng-term AAA Utility	14.75	13.50
Long-term AA Indust.	13.75	13.00

Source: Salomon Brothers.

But the market seems to be divided over what this means. Some people say this is not so much a tightening as an effort to accommodate the strong credit pressures which were largely created by the joint Fed/White House anti-inflation package. These pressures will mount this week as the banks start putting up the new required reserves, and the Fed may well have to supply funds to the market to prevent short rates getting completely out of hand.

However, other observers, including Mr. Henry Kaufman at Salomon Brothers, believe the Fed is striving to gain control over the money supply, which was running ahead of target in the first weeks of this month. But these concerns may have eased with the latest figures last Friday. These showed sharp drops of well over a billion dollars in the two principal measures, M1-A and M1-B, which brought their growth closer to the target level.

The market was hit by a lot of bad news last week: consumer prices rose 1.4 per cent in February and the trade deficit rose sharply. But it was able to ride this, mainly because the fall in commodity prices (with the limelight on the collapse of silver) pointed to some easing of price pressures in the future. The drama in the silver market also helped government securities as investors sought a haven for funds. Furthermore, the dollar was strong.

The prime rate also rose on Friday, to a split 19¼ to 19½ per cent. The feeling in Wall Street is that this rate will peak at 20 per cent, although in today's confused atmosphere this view may be based as much on hunch as science.

The market is still looking out anxiously for signs of the recession which, it hopes, will bring an improvement.

TOP LEAD MANAGERS IN THE EUROBOND MARKET

	Amount $m	No. of issues	Market share %
1—Deutsche Bank	610	6	17.6
2—CSFB	292	4	8.4
3—UBS	251	5	7.2
4—Nikko Secs.	203	2½	5.8
5—Citicorp	200	1	5.8
5—Société Générale	200	1	5.8
7—S. G. Warburg	155	3	4.5
8—Dresdner Bank	144	2	4.1
9—Commerzbank	143	2	4.1
10—WestLB	115	1	3.3

All public issues of straight bonds, FRNs and convertibles completed between January 1 and March 28 with full amount credited to lead manager or share between joint lead managers

BANKING REGULATION

BY NICHOLAS COLCHESTER

Steering between safety and severity

LATER THIS week, barring some last-minute hitch, the Bank of England will publish lists of the names of deposit-taking institutions in the UK. The development will mark the second phase of the Bank of England's new statutory control of the banking business. The division of British banking into Recognised Banks and Licensed Deposit Takers will have become reality.

But this division will remain far from complete. Besides lists of banks which have already been assigned one or other classification, there will be a long list of applicants — some of them last minute, some prestigious, some both — still being processed. They are entitled to continue taking deposits until the Bank has decided their status.

Within weeks of the publication of the lists, the UK's first deposit protection scheme will go into action. It will be paid for by an obligatory levy from both classes of deposit taker. The Deposit Protection Board will guarantee a depositor up to 75 per cent of the first £10,000 of his deposit.

Both classes of deposit taker will be regulated under three sets of criteria which have gradually evolved in the period since October 1, 1979, when the Bank of England took formal charge of the UK banking business. These relate to capital adequacy, to the liquidity of a bank's assets and to foreign exchange exposure.

The proposed guidelines for capital adequacy have been under discussion since last summer. The final version could be published in a matter of weeks. It has become clear in the annual reports of a number of international banks operating in the City that they have had to bolster their capital in order to meet the ratios demanded by these emerging guidelines.

The discussion papers on the criteria for foreign exchange exposure and liquidity have been published more recently—the latter only a week ago—and it will be months before either crystallises into its final form.

The foreign exchange guidelines replace the Bank's formal powers of supervision under the now-defunct Exchange Controls. The discussion paper envisages to limit any bank's aggregate exposure in foreign exchange and gold to 10 per cent of its capital base—or 3.5 per cent for any one currency.

A number of banks say that they have quibbles with the foreign exchange paper, but these appear muted compared with the initial reaction provoked by the discussion document on liquidity. One senior executive of a powerful foreign bank talked of "terrible consternation" and warned: "If they (the Bank of England) come down too hard, foreign banks could go elsewhere."

The use of short-term deposits —and particularly interbank deposits—to fund long-term roll-over loans is the basis both of the Eurocurrency loan market and of most observers' fears about it. The liquidity discussion paper tackles this practice head-on. It lists the percentages of each type of liability which must be matched by liquid assets. It takes a particularly rigorous line on interbank funding. Thus, while 25 per cent of deposits of three to six months maturity must be held in liquid form, market deposits from banks of up to one month must be 100 per cent matched by liquid assets. Such deposits are thus, effectively, unavailable for loan funding.

This liquidity paper has arrived just in time to take over from the "Governor's request" as the talking point among international banks in the City. This was the request made last November that banks should not avoid the effects of the "corset" by arranging finance outside the UK.

The corset will expire on June 18 and the relevance of this request with it. At that point international banks will be able to choose freely between Eurosterling, domestic sterling and foreign currency swaps in raising finance. The new constraint will then be the guidelines—and the contrast between these and the "Governor's request" is a nice reminder of the new era of more formal UK bank regulations which has now started.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	81½	81¾	+0½	+0½	13.62
[illegible] 5½ 91	30	†65	68	−0½	−2½	16.00
Australian Res. [illegible]	30	83½	84½	−0½	−1½	14.88
Avco O/S Cap. 10½ 87	40	74	74½	−0½	−1½	16.66
Beneficial Fin. 9½ 87	100	73½	73¾	+0½	−1½	14.45
CECA Grad. Rate 12 86	100	83½	88½	0	−0½	14.77
CECA 11½ 89	50	85½	86½	0	−0½	14.35
Canadian Pacific 9½ 89	50	80½	80½	+0½	−0½	13.59
Cutler Hammer 9½ 85	50	80¾	81½	+0½	−0½	14.54
[illegible]	40	79½	80¼	+0½	0	13.82
Continental Grp. 9½ 84	100	80½	81	+0½	+1½	14.47
Dome Petroleum 10 84	50	77½	78½	0	−1½	13.56
Dominion Bridge 10½ 84	30	86½	87¾	0	−0½	14.50
EIB [illegible]	50	84½	85	+0½	−0½	14.50
EIB [illegible]	100	173	75	+1	−0½	14.62
[illegible] 11½ 87	50	87½	88½	0	−0½	14.08
[illegible] Dv. Cpn. 9½ 84	100	83½	84½	−0½	−0½	14.96
[illegible] Dv. Cpn. 9½ 84	150	83½	84½	0	−0½	14.84
Finland 9½ 83	100	75½	76½	0	−0½	14.94
GTE Finance 9½ 89	55	79½	79½	+0½	−0½	13.87
GMAC 9½ 85	100	80½	81½	+0½	−0½	14.00
GMAC O/S Fin. 11 84	100	89½	89½	+0½	−1½	14.20
Gould Int. Fin. 9½ 85	50	83½	80½	+0½	−1½	14.63
[illegible] Antilles 9½ 89	75	77½	77½	+0½	+0½	14.05
[illegible] Inc. 9½ 85	100	73½	79½	−0½	−1½	14.76
Manitoba 9½ 89	75	77½	78¼	+0½	−1	13.94
Michelin 10 84	125	75½	76	+1½	+1½	13.97
[illegible]	100	81½	81½	+0½	−1½	14.11
New Brunswick 9½ 94	75	73½	74½	+0½	−1½	14.13
Newfoundland 10 94	50	78	78½	+0½	−0½	13.54
[illegible]	100	72½	72½	+0½	−0½	14.52
Norway 9½ 84	150	84½	84½	0	−0½	14.85
[illegible]	50	79½	80½	+0½	−0½	13.71
Occidental Fin. 10½ 84	50	86	86½	0	−0½	14.87
Orient Leasing 9½ 86	25	178½	79	0	+0½	14.92
[illegible] O/S F. 9½ 84	25	84½	84½	+0½	−0½	14.97
[illegible] Cap. 9½ 84	100	84½	85½	+0½	−1	14.56
Quebec Hydro 10 99	75	74½	75½	+0½	−0½	13.77
Sears Roebuck 9 82	150	89½	89½	+0½	−0½	15.75
[illegible] 9½ 85	100	78½	79½	+0½	−0½	13.69
Sweden 9½ 89	100	78½	79½	+0½	−1½	13.99
Sweden 9½ 86	200	80½	81½	+0½	−0½	14.73
Sweden 9½ 84	100	84½	84½	+0½	−0½	14.70
Unilever NV 9½ 87	100	79½	80	0	−0½	13.80
Warner-Lambert 9 84	100	83	83½	0	−1	14.50

Average price changes... On day +0½ on week −0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	300	89½	90½	−1½	−1½	9.92
Asian Dev. Bk. 7½ 89	100	80½	80½	+0½	−2	10.63
Australia 5½ 90	250	94½	95½	0	+0½	8.90
Barclays O'seas 6½ 89	100	80	81	+0½	+2	10.13
BFCE 7½ 87	100	90½	91½	+0½	+2½	9.55
BFCE 6½ 85	100	86½	87½	+0½	+1½	9.78
[illegible] 8 87	150	87½	87½	+0½	+1½	10.51
CECA 7 91	150	83½	83½	+0½	−0½	9.47
Council of Eur. 7½ 89	100	85½	87½	+0½	+1½	9.44
Denmark 7½ 89	100	89½	90½	+0½	+0½	10.25
Denmark 6½ 82	100	87	88	+0½	+1½	10.10
EEC 7½ 94	225	87	87½	+1½	+1½	9.50
EIB 7½ 89	200	84½	85½	+1½	+1½	10.10
Finland Rep. of 6 86	450	91½	91½	0	+0½	9.77
Kobe City of 7½ 89	150	82½	83½	+0½	−0½	9.95
Nederl. Gasunie 8 86	100	91	92	0	−0½	9.78
New Zealand 7½ 87	200	84½	85½	+0½	+1½	10.06
Norges Komm. 7½ 91	150	86½	87½	−0½	+2½	9.75
Norway 7½ 85	250	92½	93½	+0½	+1½	8.36
OKB 6 87	40	87½	82½	+0½	+0½	9.69
OKB 7½ 89	100	82	82½	+0½	+0½	10.36
World Bank 7½ 91	400	83½	84½	+0½	+0½	10.19
World Bank 7½ 90	250	87½	88½	+1	+1½	9.79

Average price changes... On day +0½ on week +0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	86½	87	+0½	−0½	7.53
[illegible] 5 89	60	84	85	+0½	+0½	7.36
Australia 3½ 89	250	79½	79½	−0½	−2½	6.75
Bergen, City of 4½ 91	40	83½	84	+0½	+2½	6.86
BNDE 5 89	75	79½	79½	+1½	+1½	8.20
[illegible] Overseas 4½ 97	100	82½	84	−0½	+2½	6.27
Canada Nat. Tele. 4½ 89	100	82½	84	+0½	−0½	8.74
Canada 3½ 89	200	79½	79½	0	−2½	8.72
CCCE 5½ 90	100	94½	96	+0½	−0½	6.48
Copenhagen 4½ 91	40	76½	76½	+0½	+0½	7.64
Council of Eur. 5 89	100	85	86	0	+0½	7.16
EIB 4½ 91	100	79½	79½	+0½	+1½	7.20
EIB 4½ 94	100	†76½	78½	+0½	+2½	6.68
Elec. de France 4½ 89	100	85½	86½	−0½	+0½	6.41
GZB 4½ 89	100	84½	84½	−0½	+0½	6.47
[illegible] 4½ 87	35	84½	85	−0½	+1½	6.12
Int-Amer. Dev. 4½ 89	100	80½	80½	+0½	+2½	7.44
Jutland Tele. 5½ 89	50	93½	94½	+0½	+2½	6.35
Malaysia 5 89	80	84	84½	+0½	+1½	7.37
Nippon Tel. & T. 4½ 89	100	84½	85	+0½	+2	6.43
Nordic Bank 5 89	45	90	90½	+2	+2½	6.42
Norges Komm. 4½ 91	100	80½	80½	+0½	+0½	6.87
OKB 7½ 91	100	78	78½	+2½	+4	6.60
OKB 4½ 91	100	80	80½	+0½	+0½	6.91
Oslo, City of 4½ 91	100	79½	79½	+0½	0	7.02
Shikoku El. Pwr. 4½ 90	100	86	86½	+1	+2	6.77
Stavanger 4½ 91	60	84½	85	+0½	+0½	6.72
Voest-Alpine 4½ 89	90	86	86½	+0½	+2½	6.81
World Bank 4½ 89	100	85½	86	+0½	+2½	6.72
World Bank 4½ 89	150	80½	81	+0½	+1½	7.24
World Bank 4½ 91	100	81	81½	+0½	0	7.04

Average price changes... On day +0½ on week +0½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	80½	81½	+0½	−1	12.51
Australia 6½ 88	20	72½	73½	+0½	−0½	11.79
EIB 7½ 89	12	79½	80½	+0½	−0½	11.24
Finland 5.6 83	10	82½	83½	+0½	+0½	11.72
Finland 6.8 88	10	†74	75	−0½	−5½	11.83

Average price changes... On day +0½ on week −1½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10½ 86 CS	25	†79½	80½	−0½	−0½	15.63
Bell Canada 10½ 86 CS	60	85½	85½	0	−0½	14.27
Cr. Foncier 10½ 84 CS	30	†86	86	−0½	0	15.00
Ex. Dev. Cpn. 10 84 CS	50	85½	86½	+0½	−0½	14.73
Fst. Can. Inv. 10 84 CS	50	85	85½	+0½	−0½	15.02
Hudson Bay 10½ 89 CS	60	77½	78½	0	−0½	15.00
Quebec 10½ 86 CS	50	81½	83½	+0½	−0½	14.82
R. Bk. Canada 10 86 CS	40	84½	85½	0	0	13.79
R. Bk. Canada 10 94 CS	40	75½	75½	−0½	−0½	14.07
Copenhagen 8½ 91 EUA	20	87	89	−0½	−1½	10.59
M. Bk. Dnmk. 9 91 EUA	25	89	90	−2½	−2½	10.60
SOFTE 8½ 89 EUA	40	81	82	0	−0½	11.57
U. Bk. Nrwy. 9½ 90 EUA	18	97½	98½		−0½	9.80
Algemene Bk. 8½ 84 Fl	75	90½	91½	−0½	−0½	10.83
Ned. Gasunie 8½ 84 Fl	50	89½	89½	0	−0½	11.87
Ned. Middbk. 8½ 84 Fl	75	88½	89½	−0½	−0½	11.90
Norway 8½ 84 Fl	100	90½	90½	−0½	−0½	11.35
Norway 8½ 84 Fl	100	90½	81½	−0½	−0½	10.81
Philips Lamps 8½ 84 Fl	75	90½	81½	0	−½	11.22
Air France 11 84 FFr	120	89	89½	0	−1½	14.33
Euratom 9½ 87 FFr	150	79½	80½	−0½	−0½	14.41
Finland 11 84 FFr	80	87½	88½	−0½	−0½	14.70
Finland 11½ 89 FFr	70	83½	84½	−0½	0	14.65
Gaz de France 11 84 FFr	150	89½	90½	0	+0½	13.96
IBM France 11½ 84 FFr	120	89½	90½	+0½	−1½	14.95
Renault 9½ 85 FFr	100	82	83	0	+0½	14.71
Saint-Gobain 9½ 86 FFr	130	80½	80½	0	−0½	14.78
Solvay et Cie 9½ 87 FFr	125	77	78	0	−0½	15.15
Total Oil 9½ 87 FFr	150	78½	79	0	+0½	14.44
Citicorp O/S 13½ 90 £	50	90	90½	0	−0½	15.44
EIB 11½ 91 £	25	81½	82½	+0½	+1½	14.87
Finance for Ind. 13 91 £	15	86½	87½	−0½	+0½	[illegible]
Fin. for Ind. 12½ 89 £	30	84½	85½	−1	−0½	15.66
Fin. for Ind. 14½ 88 £	20	94½	95½	−0½	−0½	15.57
Gen. Elec. Co. 12½ 89 £	50	88½	89½	0	+0½	14.76
Indonesia 8½ 91 KD	7	†93	93½	0	0	9.75
[illegible]chi 7½ 84 KD	10	†91½	92½	0	−3½	8.83
Norges Kom. 7½ 89 KD	12	†93½	93½	0	0	8.53
Occidental 8½ 91 KD	7	†90½	90½	0	0	9.67
Akzo 9½ 87 LuxFr	500	83½	84½	0	−2½	12.68
Euratom 8 87 LuxFr	500	77½	78½	−0½	−0½	13.04
Euratom 9½ 88 LuxFr	500	87	88	+0½	+0½	12.32
EIB [illegible] LuxFr	600	88½	89½	+0½	+0½	11.92
Volvo 9½ 87 LuxFr	500	86	87	0	+0½	12.57

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5½ 87	0½	98½	87	2/7	15½	15.63
Banco di Roma Int. 6 87	0½	98½	99½	26/4	15½	15.93
Bank of Ireland 5½ 89	‡0½	96½	97	21/5	18½	16.57
Bank of Tokyo 5½ 89	‡0½	96½	97½	25/4	14.56	15.01
Barclays O/S Inv. 5 80	0½	96½	96½	13/6	14½	14.77
Bergen Bk. A/S 6 89	‡0½	96½	97½	29/5	17½	17.81
Bque. Indo Suez 5½ 89	0½	96½	97½	17/7	14.69	15.14
Citicorp O/S F. 6 94	‡0½	99½	99½	8/6	18.81	18.93
Citicorp O/S F. 83	§‡0	99	99½	23/5	16.06	15.18
Citicorp O/S F. 84	‡0	89½	99½	30/5	16.94	17.00
Co-operative Bk. 6 86	0½	97½	97½	15/5	15.06	15.45
Creditanstalt 5½ 91	§‡0½	98½	98½	14/6	18.44	18.72
CNT 5½ 86	§0½	98½	99½	16/4	15.19	15.28
GZB 5½ 89	‡0½	97½	97½	1/5	14½	15.02
Jugobanka 8 89	0½	92	93	23/5	16	17.30
Ind. Bank Japan 5½ 87	0½	97½	98½	15/4	14½	14.56
LTCB Japan 5½ 86	0½	96½	97	13/5	14½	14.73
LTCB Japan 5½ 89	0½	96½	96½	7/6	14.19	14.72
Mfrs. Han. O/S 5½ 94	‡0½	98½	98½	30/5	17½	17.36
Midland Ind. Fin. 5 89	0½	97½	98½	20/6	15	15.31
Nacional Fin. 6½ 86	0½	96½	97	25/7	14.69	15.18
Nat. West. 5½ 94	§0½	97½	98½	11/4	14.94	15.26
Nippon Credit 6½ 86	0½	96½	96½	12/7	14.44	15.04
Nippon Credit 5½ 87	‡0½	96½	97½	6/5	14.69	15.12
Royal Bk. Scot. 5½ 94	§‡0½	98½	99	11/4	14½	14.81
Soc. G. de Bque. 6½ 87	0½	97	97½	3/4	13½	13.62
Sogenal 5½ 89	§0½	†96½	97	13/7	14.44	14.92
Standard Chart. 5½ 90	0½	97½	98½	2/9	17½	17.60
Sweden 8½ 91	‡0½	96½	96½	18/4	14.44	14.94
TVO Pwr. 9 91 (D-lock)	0½	96½	97	24/5	15.31	16.83
Williams & Glyn 5½ 91	0½	97½	98	14/6	18½	18.93
Bq. E. d'Alg. 4½ 89 SF	0½	88	89	15/2	5.69	7.56

Average price changes... On day −0½ on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktbolag 7½ 89	10/79	145	110	111	0	−9.68
Ajinomoto 7½ 95	2/80	618	85½	88½	+0½	3.88
Alza Int. Fin. 9½ 94	1/80	80	81½	82½	−2½	23.17
Asahi Optical 7 94	11/79	605	79½	80½	−0½	13.66
Canon 6½ 94	5/79	570	94½	95½	+0½	6.48
Ciba-Geigy O/S F. 4 94	9/79	675	62½	64	−1½	4.53
Credit Suisse 4½ 93	10/79	1325	84½	85½	−0½	−5.77
Daiei Inc. 6½ 94	11/79	1020	88½	89½	−0½	34.84
[illegible] Fin. 9½ 94	7/80	30.25	95½	96½	+0½	12.51
LPC Internatnl. 8 89	9/79	†23.33	81	82	−1½	29.97
Meidensha Elec. 7 94	12/79	210	84½	85½	+0½	7.92
Mitsubishi Cp. 6½ 84	10/79	604	112	113½	−0½	20.11
Nippon Seiko 7½ 94	12/79	339	92½	93½	−0½	−3.01
Nitto Elec. Ind 6 94	7/79	735	83½	84½	+0½	−0.08
Toshiba Cpn. 7½ 94	10/79	158	86½	87½	−0½	3.34
Union Bk. Switz. 5 89	2/80	125	84½	85½	−1½	−12.91
Fujitsu 5 84 DM	7/79	475	88½	89	+0½	7.75
Kansai Elec. 4 84 DM	4/79	1224	78½	78½	+0½	43.63
Tokyu Ld. Cp. 4 86 DM	4/79	493	71	72	−0½	35.81
Uny Co. 6½ 85 DM	11/79	1071	86½	87½	+0½	31.71

BONDTRADE INDEX AND YIELD

	Medium term		Long term	
Mar. 28...	86.40	12.29	73.05	12.92
Mar. 21...	86.69	12.14	73.19	12.88
High '80...	91.03	(2/1)	89.19	(2/1)
Low '80...	86.34	(26/3)	71.54	(29/2)

EUROBOND TURNOVER
(nominal value in $m)

	Cedel	Euroclear
U.S. $ bonds		
Last week	393.0	2,128.7
Previous week	741.5	2,077.6
Other bonds		
Last week	196.4	250.6
Previous week	250.7	356.4

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cov. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Arab Company for Trading Securities SAK; Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Bondtrade; Credit Commercial de France (Secs.) London; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; Dillon, Read Overseas Corporation; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nesbitt Thomson; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Strauss Turnbull and Co.; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on March 28

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

BRF Ln. 4pc
East Midland Allied Press Deb. 3½pc
Eastern Intnl. Ins. Deb. 4¼pc
Eastwood (J.B.) Deb. 5¼pc
Elliot (B.) Debs. 3¼ 3¾pc
Elliott of Peterborough Ln. 4½pc
Ellis and Everard 6pcPf. 1.75pc
Elson and Robbins 8pcPf 3.1pc
Emhart Corp. 60 cts
Empire Stores Bradford Debs. 3⅞ 4½pc
English and Intnl. Tst. 5½pcPf. 1.925pc
English and Overseas Inv. Ln. 6pc
English China Clays Debs. 3¼ 3¾pc
Erskine House Ins. Ln. 2¼pc
Essex Waters 7pcRed.Pf. 1983 3.5pc. 9pc Red.Pf. 1981 4.5pc. 9pcRed.Pf. 1982 4.5pc. 8pcRed. Pf. 1984 4.206pc
Euston Centre Properties Deb. 5.3pc
Eva Industries Deb. 5¼pc
Ewart New Northern Ln. 4¼pc
External Inv. Tst. Ln. 3½pc
F. and C. Finance 7pcPf. 2.45pc
Farel Bridge 6pcPf. 2.1pc
Fine Art Developments Ln. 4½pc
Fine Spinners and Doublers Deb. 2pc
Fisons Ln. 2¹³⁄₁₆pc
Fitch Lovell 1.491p
Fing Invest. Deb. 5¼pc
Foreign and Colonial Invest. Tst. 5pcPf. 1.75pc
Forminster 10½pcPf. 5.25pc
Foseco 82½ cts
Funbinvest 7pcPf. 2.45pc
GATX Corp. 55 cts
GEI Intnl. Lns. 3 5 (Pdy. Conc.) pc
Gala Cosmetic Deb. 3½pc
General Electric Lns. 3 3½ 3⅞pc
General Electric Overseas Capital Corp. 5¼pcStlg./$ Conv.Gtd.Ln. 85-03 2¼pc
Globe Inv. Tst. Db. 2pc Lns. 2¼ 3¼pc
Glover Main 6pcPf. 2.1pc
Glynwed Ln. 5¾pc
Goodrich (B. F.) 39cts
Gramolan Regional 10¾pcRed. 1985 5⅜pc

Lonrho Db. 5½
Lonsdale Universal 7pc1st and 2nd Pf. 2.45pc
Lovell (Y. J.) Db. 4¼pc
Low Bonar Db. 3½pc
M and G Conversion Tst. Fund Inc. 2.6p
M and G Smaller Cos. Fund Inc. 3.9p
MEPC 4½pcPf. 1.575pc. Debs. 3 4⅞pc. Lns. 2½ 3¼ 4pc
M.K. Electric Hldgs. Ln. 3¼pc
M.L. Hldgs. 7pcPf. 2.45pc
Macarthys Pharmaceuticals 5½pcPf. 1.625pc. 6pcBPf. 2.1p
McCorquodale Db. 4pc
McLeod Russel 4.2pcPf. 2.1pc. 5pcPf. 2.5pc. 5.9pcPf. 3.65p
Magnet Southerns 3p. 5.25pcPf. 2.625pc
Mann Egerton 7½pcPf. 2.625pc. Ln. 4pc
Marler Ests. 4½pcPf. 1.575pc
Marshalls (Halifax) 2p
Marston Thompson Evershed Ln. 3½pc
Martin The Newsagent 5½pcPf. 1.925pc. Db. 3½pc
Mercury Secs. Ln. 3 3¼pc
Metal Inds. 5pcPf. 1.75pc
Metropolitan Railway Surplus Db. 3½ 3¼pc
Meyer (Montague L.) Ln. 3¼ 8¼pc
Michelin Tyre Db. 4¼pc
Miller (F.) Textiles 11pcPf. 5.5pc
Montgomerie Ln. 3½pc
Moorside Tst. 4.4p
Morland 5pcPf. 1.75pc. Db. 3¼pc
Mountleigh 6½pcPf. 4.55pc
Mowlem (A. J.) Db. £8.23. Db. 3½ 3⅞pc
Muirhead Db. 3½pc
Murray Clydesdale Inv. Tst. 4¼pcPf. 1.6625pc. Db. 3pc
National Star Brick Tile Db. 3¼pc
National Westminster Bank Floating Rate Notes due 1994 Ln. 4⅛pc
Negretti Zambra 6pcPf. 1.75pc
New Throgmorton Tst. Ln. 3pc
Newall Machine Tool Db. 3½ 8½pc

South Cornwall Water Board 6pc 80-82 3pc
Sparrow (G. W.) Ln. 4¼pc
Speedwell Gear Case 6pcPf. 3.1pc
Sphere Invest. Tst. Debs. 1½. 2¼pc
Stag Furniture 10pcPf. 6pc
Standard Chartered Bank Ln. 6¼pc
Staveley 5½pcPf. 1.8375pc. Lns. 3¼ (86-61). 3¼ (88-93)pc
Sterling Estates Deb. 4pc
Sterling Industries 1stPf.(5½pc) 3.875pc
Sterling Knitting 0.356
Stimpson-Perkins 5pcPf. 1.75pc
Stock Conversion Invest. Tst. Ln. 2¼pc
Stocklake Ln. 3¼pc
Stone-Platt Industries Deb. 3½pc
Sunderland (Joseph) 6pcPf. 2.1pc
Tace 40pcPf. 13pc
Tate Lyle 6½pcPf. 2.275pc. Deb. 3½pc. Lns. 3¼. 5½pc
Temple Bar Invest. Tst. 4.75p
Thomson Organisation 5.83pcPf. 3.918pc
Thorn EMI 5pcPf. 1.75pc
Tollemache Cobbold Breweries Debs. 1⅞. 2. 3pc
Tomkinsons Carpets Deb. 3¼pc
Tootal 5pcPf. 1.75pc
Tor Invest. Tst. Income 2.8p. 4¼pcPf. 1.825pc. 8pcPf. 2.1pc
Transport Development Ln. 4½pc
Treforest Silk Printers 6pcPf. 2.1pc
Triplex Foundries 5½pcPf. 1.925pc
Truman Debs. 3¼. 5½pc
Tyne Plywood (Hldgs.) 5½pcPf. 1.925pc
U.D.S. Debs. 2¼. 3. 3½. 5½pc
UKD Intnl. Debs. 3½ (84-88). 3¼ (76-80)
Unicorn 4½pcPf. 1.575pc
Unigate 2p. 4½pcPf. 1.575pc. 6pcPf. 3.1pc. Lns. 2¼. 3¼pc
United City Merchants Ln. 5pc
United Glass Debs. 3½. 3⅞pc
United States Debenture Corp. Ln. 3½pc
Vantona Group 4.3pc 2.45pc
Viners 6pcPf. 2.1pc

...

Lloyd (F. H.) Hldgs. Ln. 3½pc
London Midland Indust. Lns. 3¼ 4¼pc
London Montrose Inv. Tst. 5pcPf. 1.75pc
London County Midland Tst. Db. 3¼pc
London Cremation 10pcPf. 3.5pc
London Tst. 4pcPfd. 2pc. Db. 6¼pc. Ln. 3pc
Long Nambly 7pcPf. 3.45pc

Sketchley 4.2pcPf. 2.1pc
Smith Walton Ln. 3¼pc
Smith St. Aubyn 6pcPf. 2.1pc. 8½pcPf. 4.1½pc. Ln. 3½pc
Smith (W. H.) 4½pcPf. 1.575pc. 7pcPf. 3.45pc
Smith Whitworth 7½pcPf. 2.825pc

Parliamentary diary

TODAY

COMMONS. — Continuation of Budget debate.

LORDS. — National Heritage Bill, consideration of Commons reasons for disagreeing with Lords amendment. Education Bill, third reading. Import of Live Fish (England and Wales) Bill, second reading. Debate on the Harrier programme.

SELECT COMMITTEE.—Home Affairs. Subject: The law relating to public order, processions and public meetings. Witness: Mr. Sydney Bidwell, MP. (Room 8, 5 p.m.)

TOMORROW

COMMONS. — Conclusion of Budget debate. Consideration of Lords Amendments to the Competition Bill.

LORDS.—Highlands and Islands Air Services Bill, third reading. Social Security Bill, second reading. Motions to approve Shipbuilding (Redundancy) Payments Scheme (Great Britain) (Amendment) Order 1980. Shipbuilding (Redundancy) Payments Scheme (Northern Ireland) (Amendment) Order 1980. Debate on National Service.

SELECT COMMITTEE.—Environment. Subject: Council Houses Sales Inquiry. Witnesses: London Borough of Southwark.

WEDNESDAY

COMMONS. — Consideration of Lords Amendments to the Education (No. 2) Bill. Remaining stages of the Limitation Amendment Bill.

SELECT COMMITTEES.—Scottish Affairs. Subject: BBC cuts in Scotland. Witnesses: BBC. (Room 5, 10.30 a.m. and 2.30 p.m.). Foreign Affairs. Subject: The consequences of Soviet expansion for British foreign policy in particular countries. 1. Iran, Pakistan and Afghanistan. 2. Turkey. Witnesses: Dr. Yapp and Dr. Hales. (Room 15, 11 a.m.). Treasury and Civil Service. Subject: Budget and Public Expenditure White Paper. Witnesses: Treasury officials. (Room 8, 11 a.m.). Employment. Subject: The legal immunities of trade unions and other related matters. Witness: Mr. Arthur Scargill. (Room 14, 4.45 p.m.).

THURSDAY

COMMONS. — Questions from 9.30 a.m. to 10.30 a.m. Then debates on various topics until 3.30 p.m. when House adjourns for Easter recess.

WORLD STOCK MARKETS

NEW YORK

CANADA

HOLLAND

HONG KONG

JAPAN

ITALY

NORWAY

SWEDEN

SWITZERLAND

FRANCE

AUSTRALIA

AUSTRIA

BELGIUM/LUXEMBOURG

GERMANY

DENMARK

SINGAPORE

SOUTH AFRICA

Financial Rand US$0.85 (Discount of 31%)

BRAZIL

TEL AVIV

Company	Prices	Change on week
Union Bk. of Israel Br.	753	+ 18.0
Utd. Mizrahi Bank Br.	383	+ 9.0
Hasseneh Insurance Br.	499	+ 12.0
General Mort. Bank Br.	606	+ 2.0
"Telshot" Israel Mort. Bank Br.	456	+ 26.0
Land Development		
Africa Israel Inv. 15_10	580	— 5
Israel Land Devpt. Br.	258	— 21.0
Property and Building	272	— 14.0
Public Utility		
Israel Electric Corpn.	350	— 2.0
Investment Companies		
Bank Leumi Invest.	582	+ 6.0
"Clal" Israel Invest.	548	—
Discount Invest.	297	— 16.0
Commercial and Industrial		
Alliance Tire & Rubber	1,425	— 30.0
Elco Br.	156	— 2.0
Argaman Textile Br.	193	+ 2.0
"Ata" Textile "B"	121	— 8.5
Amer. Israeli Ppr. Mills	594	+ 12.0
Assis	280	+ 20.0
Elite	441	+ 7.0
Teva Reg.	578	+ 31.0
Fuel and Oil		
Delek	207	— 10.0

Source: Bank Leumi le Israel BM, Tel Aviv.

Spanish prices, Page 16

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK—DOW JONES

	Mar. 28	Mar. 27	Mar. 26	Mar. 25	Mar. 24	Mar. 21	1980 High	1980 Low	Since Cmpil'n High	Since Cmpil'n Low
● Industr'ls	777.65	759.98	762.12	767.65	765.44	785.15	906.84 (13/2)	760.98 (27/3)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	65.61	64.17	64.28	64.23	64.52	64.62	14.61 (9/1)	65.87 (28/5)	—	—
Transport.	242.21	256.69	241.04	240.94	242.50	250.10	305.80 (8/2)	233.69 (27/3)	305.80 (8/2/80)	12.28 (8/7/32)
Utilities	97.75	96.04	97.66	97.36	98.27	100.68	115.46 (13/2)	96.04 (27/3)	163.32 (20/4/69)	10.52 (28/4/42)
Trading Vol 000's	46,720	65,680	37,570	45,780	39,280	32,220	—	—	—	—

●Day's high 784.39 low 756.57

	Mar. 21	Mar. 14	Mar. 7	Year ago (approx)
Ind. div. yield %	6.30	6.41	6.00	5.75

STANDARD AND POORS

	Mar. 28	Mar. 27	Mar. 26	Mar. 25	Mar. 24	Mar. 21	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	113.91	111.09	111.40	112.11	112.27	115.34	134.47 (13/2)	111.09 (27/3)	134.64 (11/1/75)	3.52 (30/6/32)
§Composite	100.68	98.22	98.68	99.19	90.28	102.51	118.44 (13/2)	98.22 (27/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Mar. 26	Mar. 19	Mar. 12	Year ago (approx)
Ind. div. yield %	5.97	5.58	5.37	4.99
Ind. P/E Ratio	6.94	7.36	7.56	8.66
Long Gov. Bond Yield	12.59	11.93	12.29	8.98

N.Y.S.E. ALL COMMON

Mar. 28	Mar. 27	Mar. 26	Mar. 25	1980 High	1980 Low
56.82	55.30	55.98	56.24	57.77 (15/2)	55.30 (27/3)

Rises and Falls

	Mar. 28	Mar. 27	Mar. 26
Issues Traded	1,873	1,899	1,875
Rises	1,397	139	730
Falls	279	1,601	778
Unchanged	197	166	367
New Highs	—	2	1
New Lows	—	701	244

MONTREAL

	Mar. 28	Mar. 27	Mar. 26	Mar. 25	1980 High	1980 Low
Industrial	332.46	323.21	338.78	348.23	423.80 (29/2)	323.21 (27/3)
Combined	306.88	296.30	311.26	316.57	319.90 (29/2)	296.80 (21/3)
TORONTO Composite	1789.2	1702.5	1798.2	1819.9	2192.8 (29/2)	1702.5 (27/3)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Reliance Group	792,800	63	+ ½	Texaco	463,300	33¼	+ ⅛
IBM	678,200	55⅝	− 1⅛	Boeing	456,000	54	− ½
Gulf & Western	602,100	16½	+ 1¼	Columbia Pict.	447,400	28¼	+ ¾
Mobil	571,300	64	− 1½	ATT	356,000	48½	+ ½
Penn Central	562,900	15⅞	+ ⅜	Asarco	347,400	30⅛	+ 4⅛

	Mar. 28	Mar. 27	Mar. 26	Mar. 25	1980 High	1980 Low
AUSTRALIA Sydney All Ord. (1936/38)	165.40	773.48	774.02	777.80	947.47 (14/2)	760.00 (2/1)
Metals & Mins (1936/38)	4591.26	4639.72	4680.44	4732.50	6680.95 (14/2)	4581.26 (26/3)
AUSTRIA Credit Aktien (2/1/62)	67.82	67.92	68.15	68.27	69.40 (1/1)	61.92 (27/3)
BELGIUM Belgian SE (31/12/63)	90.36	91.14	92.42	92.66	105.75 (11/2)	90.36 (28/3)
DENMARK Copenhagen SE (1/1/73)	76.66	76.66	76.60	11.20	68.14 (2/1)	74.16 (5/3)
FRANCE CAC General (29/12/61)	101.70	102.5	106.6	106.6	117.80 (22/2)	97.1 (3/1)
Ind Tendance (28/12/10)	87.50	91.4	99.2	98.4	109.70 (15/2)	85.60 (5/1)
GERMANY FAZ-Aktien (31/12/58)	212.78	213.91	215.24	213.57	238.69 (25/2)	212.73 (28/3)
Commerzbank (Dec. 1953)	657.00	671.0	675.1	673.0	749.2 (25/2)	657.0 (27/3)
HOLLAND AHP-CBS General (1970)	74.00	74.4	75.2	74.3	81.0 (11/2)	74.0 (27/3)
ANP-CBS Indust. (1970)	58.20	58.5	58.1	58.7	68.2 (11/1)	50.2 (28/3)
HONG KONG Hang Seng Bank (31/7/64)	163.22	766.25	162.96	753.15	863.17 (15/2)	736.32 (13/3)
ITALY Banca Comm. Ital (1972)	91.79	92.00	91.69	92.65	95.31 (26/2)	83.11 (2/1)
JAPAN Dow Average (16/5/49)	6475.93	6481.02	6585.82	6581.26	6856.96 (14/2)	6475.93 (21/3)
Tokyo New SE (4/1/68)	449.11	456.21	454.11	453.67	472.65 (14/2)	449.01 (10/3)
NORWAY Oslo SE (1/1/72)	110.12	112.79	115.3	115.61	144.70 (14/2)	110.12 (28/3)
SINGAPORE Straits Times (1966)	450.26	448.46	451.75	448.64	504.11 (6/3)	429.76 (6/1)
SOUTH AFRICA Gold (1958)	516.6	526.7	538.5	540.0	604.5 (6/3)	505.8 (4/1)
Industrial (1966)	493.1	490.1	494.6	491.3	511.2 (14/2)	456.0 (29/1)
SPAIN Madrid SE (28/12/79)	99.77	99.50	99.10	99.74	103.29 (21/2)	99.61 (15/1)
SWEDEN Jacobson & P. (1/1/58)	386.25	367.85	369.05	368.22	386.88 (8/2)	354.12 (17/1)
SWITZERLAND Swiss Bank Gp. (31/12/58)	276.00	276.6	281.4	280.5	317.9 (11/2)	276.0 (28/3)
WORLD Capital Intl. (1/1/70)	—	12.05	122.1	122.3	146.3 (13/2)	120.5 (28/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

Commonwealth of Australia

Twenty Year 5½% Bonds due May 1, 1985

To the Holders of the above-described Bonds:

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Bonds of the above-described issue, Morgan Guaranty Trust Company of New York, as Sinking Fund Agent, has drawn by lot for redemption on May 1, 1980, at 100% of the principal amount thereof through operation of the Sinking Fund, $323,000 principal amount of said Bonds as follows:

OUTSTANDING COUPON BONDS OF $1,000 BEARING THE DISTINCTIVE NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DIGITS:

04 24 52 99

COUPON BONDS BEARING THE FOLLOWING NUMBERS:

513	813	3713	5113	6113	6913	10313	10813	12013	13713	13913	16813	17813	20613	23113	24313
613	2813	3913	6013	6813	9113	10513	11413	12513	13813	14613	17113	19813	22613	23213	24613

ALSO THE FOLLOWING REGISTERED BOND

Bond Number	Principal Amount	Amount Selected for Redemption
24	$21,000	$2,000

The Bonds bearing the numbers above specified will be redeemed and paid on and after May 1, 1980, at the principal amount thereof, upon presentation and surrender of such Bonds at the option of the holder either (a) at the Corporate Trust Office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, N. Y., or (b) subject to applicable laws and regulations, at the main offices of Morgan Guaranty Trust Company of New York in Antwerp, Brussels, Düsseldorf, Frankfurt (Main), Munich, London or Paris, or the Reserve Bank of Australia in London, or Amsterdam-Rotterdam Bank N.V. in The Netherlands or Banque Générale du Luxembourg S.A. in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on a bank in New York City, or by a transfer to a United States dollar account maintained with a bank in New York City.

Coupons due November 1, 1980, and subsequent maturing coupons should be attached to coupon bonds being redeemed: coupons maturing on May 1, 1980, should be detached and presented for payment in the usual manner.

From and after such redemption date no interest shall accrue upon or in respect of any such Bonds called for redemption as aforesaid.

COMMONWEALTH OF AUSTRALIA

March 31, 1980

NOTICE

The following Bond previously called for redemption has not as yet been presented for payment:

21312

APPOINTMENTS

London Discount Market Association chairman

Mr. R. J. Petherbridge has been elected chairman of the LONDON DISCOUNT MARKET ASSOCIATION from tomorrow in succession to Mr. J. F. E. Smith. Mr. M. R. Toynbee becomes deputy chairman. Mr. Petherbridge is the senior managing director of the Union Discount Company of London, and Mr. Toynbee is the chairman of Jessel Toynbee and Co.

Mr. R. J. Petherbridge

★

Following the takeover of the Thames and General Lighterage Company by OCEAN TRANSPORT AND TRADING, changes have been made in senior management of the river activities within Ocean's Port and and Costal Services Unit. Mr. Gerard Ney, formerly managing director of Mercantile Lighterage becomes managing director, River Activities. Mr. David Allen has been made general manager and director of Mercantile Lighterage. Mr. Jeremy Leathers, formerly manager of Mercantile Lighterage, is now executive director of the river activities and is responsible for Cory Lighterage and New Caledonian Wharf. Mr. Charles Blakey, managing director of Cary Barge Works since 1967, has relinquished his post but has been retained on a consultative basis. Mr. W. Weatherseed has been appointed acting general manager in his place. Other appointments in the river companies are: Mr. D. Patterson, general manager, New Caledonian Wharf; Mr. E. Fletcher, operations manager, Mercantile Lighterage; Mr. J. Hofmeister, commercial manager, Mercantile Lighterage; Mr. A. LeBeau, plant manager, Mercantile Lighterage/Cory Lighterage; Mr. H. D. Richardson, marketing manager, Mercantile Lighterage; and Mr. B. Lewis, works manager, Cory Barge Works.

★

Dr. W. A. Taylor has been appointed director of research of MILES LABORATORIES succeeding Dr. Harry Cotlier, who continues to work full-time for Miles as senior research consultant.

★

Following the appointment of Mr. G. C. Chouffot as deputy chairman of the CIVIL AVIATION AUTHORITY from April 1, Mr. Roy Worthing has been appointed group director, safety services, and Mr. Pat Walker becomes director-general, operations.

★

Mr. Alexander Dawson has been appointed a director and secretary, and Mr. Ronald Stott, a director and general manager, of SMITHS SHIPREPAIRERS NORTH SHIELDS. Mr. Fred Brown, a director of the parent company, Gosforth Industrial Holdings, has been made a non-executive director of the subsidiary.

★

Mr. Jack R. Craigo has been appointed as managing director, RCA record division, RCA LIMITED (UK). He was senior vice president and general manager of Columbia Records at CBS Inc.

★

Mr. E. W. Williams has become chairman of DORMIE MENSWEAR (ENGLAND) and Mr. C. C. Duppa-Miller, chairman of FOSTER BROTHERS CLOTHING manufacturing division.

★

Mr. J. A. Green, general manager and actuary of NATIONAL EMPLOYERS LIFE ASSURANCE COMPANY, has been apointed joint chief executive with Mr. L. C. T. Cottrell, who will be relinquishing his executive duties at the end of this year. Mr. M. R. Field has become actuary in succession to Mr Green.

★

Mr. Michael Bendix, senior local director of Barclays Bank's Chelmsford local head office, has been elected a member of council of the ROYAL AGRICULTURAL SOCIETY OF ENGLAND.

★

Following his appointment to the Board of Reed International, Sir Keith Skinner, chairman and chief executive of IPC BUSINESS PRESS, is to delegate over-all responsibility for journal publishing in that division to Mr. Bryan Hope, who will be designated chairman of journal publishing. Mr. Hope will continue in his present positions.

★

M. K. R. Ellis has been appointed a director of ROBERT FLEMING & CO. Mr. A. M. Golding and Mr. M. Hopff become managers of Robert Fleming Investment Management and Mr. G. S. Mieville has been made a manager of Investment Trust Services. The appointments are effective from tomorrow.

★

Mr. Alan E. Harding has been appointed, from April 1, as a regional director of the Central London regional Board of LLOYDS BANK under the chairmanship of Sir Peter Matthews. Mr. Harding retired in December last year as manager of the City office of Lloyds Bank.

★

Mr. Akira Kato has been appointed by the INTERNATIONAL AIR TRANSPORT ASSOCIATION as regional director for Asia and the South Pacific from May 1 on the retirement of Mr. Roy McGowan. Mr. Kato joins IATA from Japan Air Lines.

★

Mr. David Money-Chappelle and Mr. Barron Mendelssohn have joined the Board of LANDLESS CONTAINERS of Camberley.

★

Lord Hunt of Tanworth today succeeds Sir Patrick Reilly as chairman of BNP LIMITED, the London member of the Banque Nationale de Paris group.

Lord Hunt of Tanworth

Monsieur Gilbert Géas also retires from the post of managing director to become chairman of the group's new Californian subsidiary, Bank of the West. He is succeeded as managing director of BNP Limited by Monsieur Michel Berger, who was formerly general manager.

INSURANCE

MP's foray which cannot be ignored

BY OUR INSURANCE CORRESPONDENT

IN THE Commons there is a rule, known as the 10-minute Rule, which gives the ordinary MP the opportunity to speak on his chosen subject and perhaps gather support from fellow members. With that support, he can launch a bill on to the Parliamentary production line. Bills that get so launched are normally reckoned to have less chance of success than private members' bills, for which time is usually allocated on Fridays. Their casualty rate is high enough.

So immediately no one need get anxious about the Insurance Policyholders' Protection Bill, launched a fortnight or so ago by Mr. Greville Janner, Labour MP for Leicester West, under the 10-minute rule. No Parliamentary time is to be allocated for its second reading before July. This means the bill is virtually doomed to extinction—a fact of life accepted by Mr. Janner, who at this stage is clearly only trailing his coat.

But Mr. Janner's bill is a sign of the Parliamentary times. Insurers can expect more serious reformative steps will be taken perhaps by Government, probably by private members in the next session, which starts in October. So Mr. Janner's foray cannot be ignored.

In brief, his bill would remove the effect of certain exclusion clauses in insurance policies, would remove insurers' right to avoid liability for non-disclosure of certain information and would amend the law to provide further protection for policyholders.

In putting forward his bill at this time, Mr. Janner is deliberately pre-empting both the soon to be issued Law Commission report on non-disclosure and warranties (following publication of Working Paper 73 last year) and the consideration which insurers are giving suggestions of the Director-General of Fair Trading that the three-year-old statements of insurance practice are due for reappraisal.

Mr. Janner and his supporters are clearly concerned more with the private buyer of insurance than with the commercial customer. Not even he would seriously suggest such terms as "all risks" and "comprehensive" are capable of being misunderstood in the commercial context.

Nevertheless, in his 10-minute spot at Westminster, Mr. Janner reiterated this, unoriginal criticism of insurance terminology.

Moving his attack to substance rather than from, Mr. Janner said the disclosure rule was "archaic and wrong." At this stage, one must be charitable and again assume he was thinking mainly of the private buyer. For the bulk of Britain's considerable overseas insurance business is conducted on these "archaic and wrong" principles and their subversion would clearly prejudice a volume of that business.

Moreover, Mr. Janner reckons insurers should not have escaped the clutches of the Unfair Contract Terms Act in 1977. He would like to see the law amended to bring insurance contracts within its scope.

But three years ago the then Labour Secretary of State told the Commons insurers had a "very strong case" for being outside the Act. Surely nothing has changed in the meantime?

If it was right then for insurers to publish statements of practice then, at worst, as Gordon Borrie suggests, the scope of those statements should be reconsidered.

Of course, Britain cannot go it alone. One substantial criticism of the Law Commission's recommendations in Working Paper 73 was that the commissioners substantially ignored likely European reform.

Argument on EEC directives takes a long time, but all potential legislators must ensure our insurance law is not subjected to a series of short-term changes to the detriment both of the ordinary policyholders and the market's overseas trade.

Award for spacecraft man

THE MAN who sent two robot spacecraft on an interplanetary voyage of discovery is to receive a top British award.

Mr. Raymond L. Heacock, manager of NASA's Voyager Project at the California Institute of Technology's Jet Propulsion Laboratory, will visit London in June.

He will be presented with the James Watt International Medal, the foremost award conferred by the Institution of Mechanical Engineers.

The two craft, Voyager I and Voyager II were launched in 1977 and have surveyed Jupiter and its moons. They then moved towards Saturn and it is hoped they will take in the two outer planets, Uranus and Pluto.

COMPANY NOTICES

KLEINWORT BENSON (JAPAN) FUND
Société Anonyme
Luxembourg, 37 rue Notre-Dame
R.C. Luxembourg B8 728

Notice of Meeting

Messrs. Shareholders are hereby convened to attend the Annual General Meeting which is to be held on April 9th, 1980 at 4.00 p.m. at the offices of Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg, with the following agenda:

Agenda

1. Submission of the reports of the Board of Directors and of the Statutory Auditors.
2. Approval of the financial statements for the year ended 31st December 1979.
3. Payment of a dividend.
4. Discharge of Directors and of the Statutory Auditors in respect of the carrying out of their duties for the year ended 31st December 1979.
5. Ratification of the co-option of Mr. K. Yamada as a Director.
6. Receipt of and action on nomination for election of Directors and the Statutory Auditors for a new statutory term.
7. Directors' remuneration.
8. Miscellaneous business as may properly come before the Meeting.

The Board of Directors

BOND DRAWING

NOTICE OF REDEMPTION

SOCIETES DE DEVELOPPEMENT REGIONAL "SDR"

9½% 1975-1987 EUA 25,000,000

Holders of the above mentioned issue are hereby informed that following early redemption of EUA 526,000, effected on May 5th, 1979 the amortisation quota of May 5th, 1980 has been fixed at EUA 1,950,000.

The bonds to be repaid have been drawn by lot on March 14th, 1980, in the presence of a notary public and bear the following numbers, taking into account the bonds previously drawn:

6838 to 8787 inclusive.

These bonds will be redeemable at par on and after 5th May, 1980 with all unmatured coupons attached thereto.

The principal amount of bonds outstanding after the amortization of 5th May, 1980 will be EUA 18,524,000.

Finally, it is recalled that the following bond numbers which have been drawn by lot in 1978 and 1979 have not yet all been presented for payment:

17372 to 17897 inclusive
3387 to 3396
15372 to 17377

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Fiscal Agent

Luxembourg, March 31st, 1980.

PERSONAL

METHUSELAH I ADORE YOU still, happy birthday, love A.M.F.

TRAVEL

GENEVA, Basle, Zurich and Berne, widest choice of cheap flights from 4 UK airports. Brochure FALCON 01-351 2191.

Financial Times Conferences

World Pulp and Paper Conference
Helsinki — April 28 and 29, 1980
The opening address will be given by Mr. Esko Rekola, Minister of Foreign Trade, Finland.

World Banking
Singapore — June 2 and 3, 1980
The opening speaker at this important annual conference, to be held this year in Singapore, will be Mr. S. Dhanabalan, Minister of State for Foreign Affairs, Singapore. Other distinguished speakers will include Mr. Roberto Ongpin, Minister of Industry, Philippines; Mr. James R. Greene, President, American Express International Banking Corporation, New York; Mr. Don Mentz, Director, Asian Development Bank, Manila and Encik Malek Ali Merican, Group Director of Corporate Affairs, Sime Darby Holdings Limited, Kuala Lumpur.

The conference will be supported by The Banker and Business Times, Singapore.

All enquiries should be addressed to:
Financial Times Limited
Conference Organisation
Minster House, Arthur Street
London EC4R 9AX

Tel: 01-621 1355
Telex: 27347 FTCONF G
Cables: FINCONF LONDON

Union Corporation Limited

(Incorporated in the Republic of South Africa)

Notice to Holders of Share Warrants to Bearer

(Unicorp Bearers)

SCHEME OF ARRANGEMENT

On 25 February 1980 notice was given of a scheme of arrangement proposed by General Mining and Finance Corporation Limited (GENMIN) between Union Corporation Limited (UNICORP) and its scheme members and of the scheme meeting and general meeting to be held on 19 March 1980.

These meetings were duly held and the necessary resolutions were passed by the required majorities of scheme members. Subsequently the scheme of arrangement was sanctioned by the Supreme Court of South Africa (Witwatersrand Local Division) and it became operative on 26 March 1980.

The listings of UNICORP's shares on The Johannesburg Stock Exchange, The Stock Exchange, London and The Rhodesian Stock Exchange, terminated with effect from the close of business on 26 March 1980. The committees of the Johannesburg Stock Exchange and the Council of The Stock Exchange, London have agreed to list, as from 27 March 1980, the GENMIN shares to be allotted and issued to scheme members.

Holders of UNICORP Bearers electing to receive GENMIN Bearers in exchange should arrange for their warrants to be lodged on or after 1 May 1980 at any of the addresses listed below, together with Talon No. 7 and unused Coupons Nos. 132/136 inclusive in accordance with instructions to be advertised on 10 April 1980.

London—Union Corporation (UK) Limited, Princes House, 95 Gresham Street, London, EC2V 7BS.

Paris —Lloyds Bank International (France) Limited, 43 boulevard des Capucines, 75061 Paris Cedex 02, France.
Credit du Nord, 6 & 8 Boulevard Haussmann, 75009 Paris, France.

Zurich —Credit Suisse, Paradeplatz 8, 8021 Zurich, Switzerland.

Basle —Swiss Bank Corporation, 1 Aeschenvorstadt, 4002 Basle, Switzerland.

Holders of UNICORP Bearers who wish to receive registered shares in GENMIN should complete reconversion forms, copies of which are available from the London office and continental agents. Share certificates in GENMIN on the basis of 4 Genmin shares for every 5 Unicorp shares surrendered will be available 28 days after receipt by the London office of the necessary documents.

Fractions will be sold on The Stock Exchange, London and the proceeds paid to those entitled to them.

per pro UNION CORPORATION (UK) LIMITED
London Secretaries
L. J. Baines
Princes House
95 Gresham Street
London EC2V 7BS

28 March 1980

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Birmingham Motor Show (0602 51202) (until April 8)	Bingley Hall, Birmingham
Current	British International Footwear Fair (01-437 6734) (until April 1)	NEC, Birmingham
Current	GLASSEX '80 Glass and Technology Exhibition (01-353 4885) (until April 2)	NEC, Birmingham
Apr. 3—9	National Boys and Girls Exhibition (0532 620361)	Alexandra Palace
Apr. 9—10	Educational Equipment Exhibition (01-247 9326)	Harrogate
Apr. 15—19	Ideal Home Exhibition (0272 312850)	City Hall, Hull
Apr. 17-20	Tipping (vehicles) Convention and Exhibition (01-387 9711)	Harrogate
Apr. 19—21	Optrafair '80 (01-405 8101)	Earls Court
Apr. 21—25	International Fire, Security and Safety Exhibition—IFSSEC (01-388 7661)	Olympia
Apr. 22—May 2	International Machine Tool Exhibition—MACH 80 (01-402 6671)	NEC, Birmingham
Apr. 28	International Food and Wine Exhibition (06284) 2442	Exhibition Centre, Leeds
Apr. 28—May 1	Audio Visual Exhibition (01-688 7788)	Wembley Conference Centre
May 2—5	Spring Motor Cycle Show (04866 74987)	Bingley Halls, Birmingham
May 2—6	Boat Show (0272 657783)	Exhibition Centre, Bristol
May 3—5	National Collectors Exhibition (01-629 4917)	Kensington Town Hall

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	British Aviation Equipment Exhbn. (01-215 7877) (until April 5)	Shanghai
Apr. 7—10	World Fabric Fair (0532 469611)	Geneva
Apr. 13—15	MODEXPO '80: International Ladies Fashion Fair	Zurich
Apr. 15—19	Transport—Expo '80 (01-486 1951)	Paris
Apr. 16—24	Hanover Fair (01-651 2191)	Hanover
Apr. 21—25	World Tobacco Exhibition (0737 68611)	Nice
Apr. 21—26	Scientific and Measurement Apparatus Exhibition (INSTRUAMA) (01-235 5422)	Brussels
Apr. 24—28	Perfumery and Cosmetics Exhibition COSMOPROF	Bologna
Apr. 29—May 2	Biochemical and Instrumental Analysis Exhibition (ANALYTICA) (01-486 1951)	Munich
May 2-9	Salon International du Textile et du Cuir (01-584 8827)	Casablanca
May 6—8	Compec Europe Exhibition (01-261 8000)	Brussels
May 7—11	Scandinavian Furniture Show (01-540 1101)	Copenhagen
May 10—13	International Trade Fair for Optometry—OPTICA (01-409 0956)	Cologne

BUSINESS AND MANAGEMENT CONFERENCES

Apr. 1—3	FT Conference: The Future of Sugar (01-236 4382)	Grosvenor House, W1
Apr. 1	ESC: Advances in Microprocessor Applications for Food Manufacturing (057-282 2711)	Cavendish Conference Centre, W1
Apr. 1—2	Flight International: Fuel Economy in the Airlines (01-643 8040)	Royal Aeronautical Society, W1
Apr. 10-11	Brunel University: Coping with Conflict and Management Change (0895 56461)	Uxbridge
Apr. 11	Oyez—IBC: Media Research and the Advertiser—The Unexploited Factor (01-242 2481)	Hilton Hotel, W1
Apr. 14	Oyez — IBC: Consumer Credit Act 1974: New Orders and Regulations (01-242 2481)	Hilton Hotel, W1
Apr. 15	IPS: Controlling Purchasing Costs in an Inflationary Climate (0990 23711)	London Press Centre
Apr. 16	CCC: Letting Residential Property for Profit (01-222 6362)	Hilton Hotel, W1
Apr. 16-17	Food Manufacturers' Federation 8th Annual Conference: Food for Growth (01-836 2460)	Grosvenor House, W1
Apr. 9-11	Leeds University: Manpower in Transport—Future Prospects (0532 35036)	Leeds
Apr. 14-16	UKAEA (NCSR)/Turnkey Software: Data Management for High Technology Industries (02407 3410)	Southport
Apr. 15	Chiltern Personnel Consultants: Practical Salary Administration (04946 4822)	Gerrards Cross
Apr. 15-16	M. G. Howitt & Ass.: Sales Promotion—Building Products and Services (0533 730400)	RIBA, W1
Apr. 16	Netherlands-British Chamber of Commerce: Holland—a profitable base for international operations (01-405 1358)	Accountants Hall, EC2
Apr. 16	IPS: Waste—Reclamation or Disposal (0990 23711)	Carlton Tower, SW1
Apr. 18	Oyez: Zero Base Budgeting—A Priority Planning Approach to Controlling Overheads (01-242 2481)	Carlton Tower, SW1
Apr. 18	Gower: 1980 Employment Bill . . . and After . . . A New Direction for Industrial Relations? (01-242 9485)	Royal Garden Hotel, W8
Apr. 18	CCC: New U.S./UK Double Tax Treaty—its Substance and Implications (01-222 6362)	Hilton Hotel, W1
Apr. 21-23	Oyez: London Insurance Conference (01-242 2481)	Grosvenor House Hotel, W1
Apr. 22	Gower: Trading with Zimbabwe (01-242 9485)	Waldorf Hotel, WC2
Apr. 23	ESC: Solving the Problems of Trade Unions in the Hotel and Catering Industries (057382 2711)	Cumberland Hotel, W1

John Fairfax profits little changed

BY JAMES FORTH IN SYDNEY

JOHN FAIRFAX, the Australian press group, edged its net profit 3.1 per cent higher in the 27 weeks to December 30, but only after a sharp drop in the tax bill. Pre-tax earnings dropped by 21 per cent, from A$15.3m to A$12.0m (US$13m), but the tax provision was reduced from A$7.1m to A$4.3m, enabling earnings to increase from A$6.48m to A$6.68m.

The directors made no comment on the reduction in the tax bill. Indicating pressure on margins was a rise in the group's sales of 15.5 per cent, from A$146m to A$169m (US$183m). Despite the little-changed profit, the interim dividend is raised from 4.25 cents a share to 4.5 cents, which puts it in line with the final dividend paid last year.

The interest bill rose from A$2.59m to A$4.09m, presumably reflecting the purchase late last November of a 14.9 per cent holding in Australia's largest press group, Herald and Weekly Times. Fairfax joined with the HWT associate, *Queensland Press*, in a A$70m share market exercise to block a A$126m bid for control of HWT by News Corporation, which is controlled by Mr. Rupert Murdoch.

Fairfax paid A$50m for its stake. The market price of HWT fell immediately after *News dropped its bid, and* Fairfax has shown a book loss since it acquired its stake. The book loss on current market prices for HWT is A$20m.

Despite this, there have been published reports that Fairfax is interested in selling two-thirds of its holding, or 10 per cent of the capital of HWT. Fairfax wants to ensure that the *shares go to "friendly" hands*, and is seeking a price above the current market level. But it is unlikely that any party interested in buying would be prepared to pay anywhere near the price paid by Fairfax.

If Fairfax sold 10 per cent of HWT, its holding would fall to 4.9 per cent and it would no longer have to sell its 30 per cent shareholding in Canberra Television. Fairfax has this stake up for sale because its investment in HWT gave it more television interests than are allowed under the broadcasting and television act. Fairfax has already been forced to sell its 60 per cent stake in Queensland TV for A$17.2m.

Another television company, Television Wollongoog Transmissions (TWT), has announced a A$12.6m takeover bid for Canberra TV. TWT first unsuccessfully approached Fairfax to buy its stake before announcing its offer. TWT was controlled by News until last year. News gained control of the Sydney television company, United Telecaster Sydney, and was therefore forced to dispose of its TWT stake.

TWT offered A$5.25 a share for Canberra TV. An unnamed party moved into the share market at A$5.26 in an apparent blocking move, but TWT on Friday adjusted its bid to A$5.26 and has also moved into the market.

Reduced loss at Creusot-Loire

BY DAVID WHITE IN PARIS

CREUSOT-LOIRE, the French nuclear, engineering and steel group which is trying to get back to break-even point this year, managed to reduce its 1979 parent company loss to FFr 226m ($51m), almost a third less than the FFr 333m deficit registered the previous year.

The result came after higher depreciation charges of FFr 170m, compared with FFr 149m. The company said it still had a negative cash flow of FFr 56m, as against FFr 184m in 1978.

The company said its 1979 result, the third successive annual loss, was in line with forecasts. Operating profits were severely affected by exceptional costs resulting from restructuring measures, for which the *bill* amounted to FFr 66m at one plant alone, that in Chateauneuf.

Group sales last year were 30 per cent up on 1978 at FFr 16bn ($3.6bn).

Turnover of the whole of the Empain-Schneider group, to which Creusot-Loire and its subsidiaries belong, increased by 17 per cent last year to FFr 35bn. New orders climbed to FFr 38bn, compared with FFr 29.3bn.

Exports for the group rose by 12 per cent to FFr 16.5bn, and export orders expanded by 22 per cent to FFr 14.6bn.

Argentine bank in liquidation

By Robert Lindley in Buenos Aires

THE LIQUIDATION by the Argentine central bank of the country's fourth largest bank—ranked according to deposits—has been a serious shock to this country's already uneasy financial sector.

The Bank concerned, Banco Intercambio Regional (BIR), had deposits totalling about $1bn in Argentine pesos, and another $60m in foreign currencies.

The central bank has guaranteed the payment of at least 90 per cent in the case of larger deposits, plus interest on the $1bn in peso deposits, which constitute about 10 per cent of Argentina's monetary base. The foreign currency deposits are not *guaranteed* by the central bank.

In addition to its two-year-old branch in New York, the BIR had 97 branches in Argentina and more than 300,000 depositors. The BIR's president, Jose Rafael Trozzo, who took control in 1965, is understood to be out of the country.

According to the central bank, the main reasons for the collapse of the BIR were "serious errors in credit policy" and the fall in deposits and liquidity — in other words, over-expansion.

Spain seeks $350m medium-term loan

BY FRANCIS GHILES

THE SPANISH state holding company INI is expected to award a mandate shortly for a $350m loan which it has been negotiating with a group of banks for the last few weeks. The terms paid by the borrower are likely to point to a further hardening, and will provide a useful indication of what other Spanish borrowers seeking to raise funds in the medium-term market are likely to pay in the coming months.

The loan will probably be split into two tranches: on the larger tranche, $290m for eight years, the borrower is expected to pay a margin over the London *interbank* rate amounting to ⅝ per cent for the first five years rising to ¾ per cent. On the second tranche, which runs for nine years and is not expected to be syndicated, INI will pay a margin of ⅝ per cent for the first five years rising to ¾ per cent.

Deutsche Bank is expected to be the agent for this loan, Chase Manhattan the co-ordinator and Lloyds Bank International in charge of documentation. The funds are earmarked for six subsidiaries of INI.

● Poland's influential political weekly Polityka has expressed *concern* about rising *world* interest rates, and said that the country would face a difficult time this year paying its debts to the West, Reuter reports from Warsaw.

Polityka, whose views often reflect the thinking of the ruling Communist Party, said that the problems of servicing and repaying Poland's debts to the West, which are estimated at more than $17.5bn, would be harder this year because the country did not expect to achieve a trade surplus.

PENDING DIVIDENDS

	Date	Announcement last year
*Adwest	Apr. 11	Int. 3.85
Amal. Metal	Apr. 23	Final 10.9
Amal. Power	Apr. 25	Final 2.948
Assoc. Biscuit	Apr. 10	Final 1.88
*BBA	Mar. 31	Final 1.784
*BICC	Apr. 2	Final 5.29
BSG	Apr. 30	Final 1.464
*Babcock Int.	Apr. 3	Final 2.9313
*Bank of Scotland	Apr. 15	Final 6.083
Barrow Hepburn	May 10	Final 1.0
*Blackwood Hodge	Apr. 9	Final 1.292
Blue Circle	Apr. 19	Final 7.212
*Booker McConnell	Mar. 31	Final 3.952
*Bowater	Apr. 10	Final 8.771
British Home Stores	Apr. 30	Final 3.9
British Printing	Apr. 5	Final 2.4
*British Sugar	May 8	Int. 1.815
Brown Boveri Kent	Apr. 5	Final 1.2
Burton	Apr. 10	Int. 3
*Cape Inds.	Apr. 1	Final 5.989
General & Sheerwood	May 1	Final 0.704
*Comb. Eng. Stores	Mar. 31	Final 1.9055
Coral Leisure	Apr. 12	Final 3.7
Croda Int.	Apr. 11	Final 1.346
Currys	Apr. 17	Final 4.0692
*Danish Bacon	Apr. 9	Final 3.56
Dunlop	Apr. 12	Final 2.55
*Empire Stores	Apr. 9	Final 2.605
Ferrali Elecs.	Apr. 24	Final 4.79
Fosaco Minsep	Apr. 24	Final 3.0
*Freemans (Ldn. SW9)	Mar. 31	Final 1.519
Garrard and Nat. Dis.	Apr. 26	Final 5.124
*Gill & Duffus	Apr. 9	Final 2.664
*Glaxo	Apr. 14	Int. 5
*Glynwed	Mar. 31	Final 9.7
*GRE	Apr. 9	Final 5.941
*GKN	Apr. 2	Final 16.845
Hambro Life Assce.	Apr. 8	Final 17.802
Hammerson Prop.	Apr. 27	Final 6.097
*Harris Queensway	Apr. 2	Final 4.5
Hawker Siddeley	Apr. 11	Final 2.4578
*Highland Distilleries	Apr. 6	Int. 0.55
Haveringham	Apr. 26	Final 1.635
*Kleinwort Benson	Apr. 2	Final 3.5¶
Kwik Save	May 4	Int. 1.1
*Ladbroke	Apr. 10	Final 4.017
Laing (J.)	Apr. 30	Final 1.5
Laird Gp.	Apr. 2	Final 1.52
Laporte	May 2	Final 4.532
Low Land	Apr. 3	Results due
*Lilley (F. J. C.)	Apr. 2	Final 1.675
*London Brick	Apr. 3	Final 2.190
*Low and Bonar	Mar. 31	Final 8.16
Menzies (J.)	Apr. 24	Final 2.12
Minet	Apr. 10	Final 1.4183
*Morgan Crucible	Apr. 3	Final 2.237
Mowlem (J.)	Apr. 26	Final 5.608
National & Comm. Bk.	May	Int. 1.375
Newarthill	Apr. 26	Final 5.324
*Newman Tonks	Mar. 31	Int. 1.5
News Intl.	Mar. 29	Final 5.48
*Ocean Transport	Mar. 31	Final 4.393
Peachey Property	Apr. 4	Int. 1.0
Pearson Longman	Apr. 18	Final 3.684
Pearson (S.)	Apr. 18	Final 4.8956
P & O	May 2	Final 3.542
*Phoenix Assce.	Apr. 2	Final 6.445
Portals	Apr. 11	Final 4.846
*RMC	Apr. 15	Final 3.91
Revertex	Apr. 23	Final 2.27
*Rockware	Mar. 31	Final 3.67
Rowntree Mackintosh	Apr. 8	Final 8.5
*Rugby Prtlnd. Cement	Apr. 14	Final 2.093
Selection Trust	Apr. 10	Final 10.84
*Senior Engineering	Apr. 15	Final 0.6518
Simon Eng.	Apr. 25	Final 8.065
*Smith (W. H.)	Apr. 18	Final 2.34
*Smiths Inds.	Apr. 15	Int. 3.6138
Standard Chartered	Apr. 18	Final 7.706
*Sun Alliance	Apr. 2	Final 11.505
*Tarmac	Apr. 29	Final 6.234
Taylor Woodrow	Apr. 5	Final 8.485
*Telephone Rentals	Apr. 30	Final 4.802
Vickers	Apr. 26	Final 5.964
*Willis Faber	Apr. 2	Final 6.84

* Board meeting intimated. † Rights issue since made. ‡ Tax free § Scrip issue since made. ¶ Forecast.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
50	60p	—	140	85	Berkley Exploration	108	−6	—	—	—	—
£1	F.P.	21/3	102	100	Child Health Res'ch	100	......	—	—	—	—
¶¶	F.P.	—	775	675	Gen.Mng.&Fnc New	975	−75	—	—	—	—
10	F.P.	28/2	11¼	10	Keep Inv. Trust 5p	11	......	—	—	—	—
**	F.P.	7/3	89	70	Lon.Merc'tSecs.Dafd	70	−2	—	—	—	—
‡90	F.P.	—	101	94	Morley (R.H.) 10p	99	......	b4.75	1.3	6.8	16.0
—	F.P.	—	34	28	Rocha Plant 10p	28	......	1.26	2.7	6.4	6.6
§10	F.P.	—	10¾	10⅛	Trst.ofProp.Shrs.5p	10¾	+¼	—	—	—	—
144	F.P.	—	60	56	WebberElctCom 12.5p	57	......	b3.5	†1.3	9.8	19.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
¶¶	F.P.	—	57p	55p	Aurora 3.85% Cum. Pref.	55p	−½
‖120p	F.P.	15/2	102p	100p	Clifford (Chas.) 12% Cum. Pref.	102p	......
¶	F.P.	30/5	98p	93	Felixstowe Dock 9⅝% Cum Red Pref.	94	......
—	—	2/9	112	105	Globe Inv Tst 11¼% Conv Uns Ln '90-95	105	......
¶¶	F.P.	—	98½	95½	Imp. Cont. Gas 6% Conv. Loan 1985-2000	95½	−½
§	Nil	—	2¼pm	1pm	Leigh Interests 10pc Conv. Uns Ln. 1984-86	1pm	......
¶	F.P.	29/5	96⅛	93¾	Mid Kent Water 9% Red Pref. 1986	94	......
¶	F.P.	24/4	97	95	Rk'm'nw'h & Uxbridge Wtr. 9% Rd Pf 1985	95	......
¶	F.P.	50/5	99½	98¼	Sutton District Water 10pc Red Pref. 1983	99½	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980 High	1980 Low	Stock	Closing Price p	+ or −
135	F.P.	21/3	2/5	167	159	AGB Research	164	−2
$25.50	Nil	—	—	15	Nil pm	Bank of Montreal	Nilpm	......
330	F.P.	—	—	591	515	Cluff Oil	520	......
33½	F.P.	22/2	28/3	69½	55	Edwards (Louis C.)	58pm	......
60	F.P.	3/1	24/1	845	560	Hammerson Prop. A	785	−5
50cts	Nil	—	—	435pm	180pm	Pancontinental	265pm	+5
68	Nil	—	13/6	2¼pm	¼pm	United Biscuits	¼pm	−1¼

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ! Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating prof. shares and 1 prd. share at R3.50 per unit. † Dealings under special rule.

BASE LENDING RATES

A.B.N. Bank	17 %	■ Hambros Bank	17 %
Allied Irish Bank	17 %	■ Hill Samuel	§17 %
Amro Bank	17 %	C. Hoare & Co.	†17 %
American Express Bk.	17 %	Hongkong & Shanghai	17 %
Henry Ansbacher	17 %	Industrial Bk. of Scot.	17½%
A P Bank Ltd.	17 %	Keyser Ullmann	17 %
■ Arbuthnot Latham	17 %	Knowsley & Co. Ltd.	18½ %
Associates Cap. Corp.	17 %	Langris Trust Ltd.	17 %
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	■ Samuel Montagu	17 %
Banque Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½%	National Westminster	17 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremar Holdings Ltd.	18 %	P. S. Refson & Co.	17 %
Brit. Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Canada Perm't Trust	18 %	Schlesinger Limited	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
■ Charterhouse Japhet	17 %	Standard Chartered	17 %
Choulartons	17 %	Trade Dev. Bank	17 %
C. E. Coates	17 %	Trustee Savings Bank	17 %
Consolidated Credits	17 %	Twentieth Century Bk.	17 %
Co-operative Bank	*17 %	United Bank of Kuwait	17 %
Corinthian Secs.	17 %	Whiteaway Laidlaw	17½%
The Cyprus Popular Bk.	17 %	Williams & Glyn's	17 %
Duncan Lawrie	17 %	Wintrust Secs. Ltd.	17 %
Eagil Trust	17 %	Yorkshire Bank	17 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	18½ %		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		
■ Guinness Mahon	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

Public Works Loan Board rates

Effective from March 22

Years	Quota loans repaid by EIP†	Quota loans A‡	Quota loans at maturity§	Non-quota loans A* repaid by EIP†	Non-quota A‡	Non-quota at maturity§
Up to 5	15½	15½	15⅞	16⅛	16⅜	16
Over 5, up to 10	15⅝	15⅝	15¼	15⅞	15⅞	15⅝
Over 10, up to 15	15½	15¼	15	15⅝	15⅝	15½
Over 15, up to 25	15	14¾	14⅞	15½	15⅝	15⅝
Over 25	14⅞	14⅞	14⅞	15⅝	15⅝	15⅝

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley (051 548 5555)	15⅝	½-year	1,000	1
Redbridge (01-478 3020)	14⅞	½-year	200	2-3
Redbridge (01-478 3020)	14½	½-year	200	5-6

CURRENCIES, MONEY and GOLD

Expanding interest in coins

BY COLIN MILLHAM

Precious metal prices have fallen very sharply during the past two months as tension in the Middle East has eased and very high interest rates have increased the cost of speculation.

Future events will determine whether gold is a good investment at less than $500, but whatever happens much of the interest in the bullion market will concern gold coins. With the value of a standard gold bar at around £100,000 demand from the general public, since the ending of monetary controls, remains limited.

Gold coins on the other *hand* have been an obvious way for the general public to involve itself in the gold market.

As far as UK residents are concerned, coins are a better investment than gold bars, since the former do not attract value added tax. The Krugerrand's premium over the gold price is about 3 per cent, which is considerably less than the 15 per cent VAT payable on a gold bar. There is one snag however. In order to pay a premium of only 3 per cent it is necessary to buy about 1,000 coins, and therefore the prices quoted in the London market can generally be regarded as wholesale. This wholesale trade is conducted to varying degrees by the members of the London bullion market, with Sharps, Pixley and Co. and Johnson Matthey taking a major interest in the coin trade.

As far as small quantities are concerned, in less than mint condition, it is very much a matter of shopping around London's numerous coin brokers for the best deal.

The sharp rise in the gold price has led to renewed interest in coins and to an extension in the range offered by the gold producing countries.

GOLD

	Mar. 28		Mar. 27	
Gold Bullion (fine ounce)				
Close	$482-488	(£245-247½)	$470-476	(£216-219)
Opening	$480-490	(£247½-250)	$584-490	(£221¼-224½)
Morning fixing	$480	(£225.163)	$496	(£222.813)
Afternoon fixing	$490	(£225.847)	$485.26	(£222.847)
Gold Coins				
Krugerrand	$494-500	(£227-251)	$480-485	(£220-224)
Mapleleaf	$490-500	(£225-231)	$570-480	(£216-221)
New Sovereigns	$125½-126½	(£57-60)	$120-125	(£55-57)
King Sovs	$143-148	(£66-70)	$138-142	(£63-66)
Victoria Sovs	$143-148	(£66-70)	$158-142	(£63-66)
French 20s	$117-122		$120-123	
50 pesos Mexico	$600-610		$600-610	
100 Cor. Austria	$480-488		$475-483	
$20 Eagles	$590-600		$610-630	
$10 Eagles	—		—	
$5 Eagles	—		—	

OTHER CURRENCIES

Mar. 28	£	$		£ Note Rates
Argentina Peso	3778-3789	1740-1747	Austria	29.90-30.20
Australia Dollar	2.0060-2.0100	0.9225-0.9230	Belgium	66.15-69.40
Brazil Cruzeiro	101.00-102.00	46.60-46.80	Denmark	12.92-15.00
Finland Markka	8.42-8.43	5.8760-5.8780	France	9.50-9.66
Greek Drachma	89.555-91.669	40.80-41.05	Germany	4.17-4.19½
Hong Kong Dollar	11.00-11.04	5.0760-5.0770	Italy	1910-1965
Iran Rial	n/a	n/a	Japan	544-549
Kuwait Dinar (KD)	0.597-0.607	0.2760-0.2761	Netherlands	4.54½-4.57
Luxembourg Frc.	67.20-67.30	30.95-30.95	Norway	11.12-11.20
Malaysia Dollar	4.9100-4.6350	2.2660-2.2680	Portugal	107-111
New Zealand Dlr.	2.3030-2.3080	1.0590-1.0600	Spain	161¼-158⅛
Saudi Arab. Riyal	7.31-7.31	3.3310-3.3340	Sweden	9.65-9.72
Singapore Dollar	4.8966-4.9100	2.2555-2.2575	Switzerland	3.97-3.99
Sth. African Rand	1.7600-1.7610	0.8095-0.8100	United States	2.170-2.179
U.A.E. Dirham	8.10-8.20	3.7360-3.7590	Yugoslavia	50-56

Rate given for Argentina is free rate.

THE DOLLAR SPOT AND FORWARD

March 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1645-2.1855	2.1735-2.1745	0.02-0.12c dis	−0.39	0.50-0.60dis	−1.01
Ireland†	1.9475-1.9560	1.9535-1.9550	0.10c pm-par	0.31	0.05-0.15dis	−0.20
Canada	1.1856-1.1875	1.1856-1.1859	0.33-0.29c pm	3.13	1.01-0.96 pm	3.32
Nethlnd.	2.0990-2.1125	2.1110-2.1125	1.42-1.35c pm	7.87	4.30-4.20 pm	8.05
Belgium	30.86-31.00	30.93-30.95	7-5½c pm	2.42	16-13 pm	1.87
Denmark	5.9790-5.9955	5.9800-5.9825	1.00-1.50ore dis	−2.50	3.00-3.50dis	−2.17
W. Ger.	1.9170-1.9350	1.9285-1.9295	1.75-1.65pf pm	10.57	4.58-4.48 pm	9.39
Portugal	50.70-51.00	50.90-51.00	2c pm-13 dis	−1.29	15 pm-30dis	−0.59
Spain	71.60-72.07	71.97-72.07	20-35c dis	−4.58	60-80 dis	−3.89
Italy	888.75-893.40	893.00-893.40	1.2-0.6 lire pm	1.21	0.8-0.1 pm	0.19
Norway	5.1330-5.1520	5.1470-5.1490	1.75-1.25ore pm	3.50	5.65-5.15 pm	4.16
France	4.4350-4.4530	4.505-4.4530	1.85-1.75c pm	4.86	5.60-5.40 pm	4.94
Sweden	4.4495-4.4580	4.4550-4.4570	2.20-2.00ore pm	5.65	6.16-5.50 pm	5.38
Japan	249.30-250.00	249.55-249.65	0.75-0.55y pm	3.12	2.10-1.90 pm	3.20
Austria	13.76-13.84¼	13.79-13.80	10.70-10.00gro pm	9.97	30.75-28.25pm	9.53
Switz	1.8170-1.8370	1.8245-1.8255	2.00-1.90c pm	12.82	5.42-5.32 pm	11.77

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

March 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1645-2.1855	2.1735-2.1745	0.02-0.12c dis	−0.39	0.50-0.60dis	−1.01
Canada	2.5735-2.5830	2.5745-2.5755	0.75-0.65c pm	3.26	1.75-1.65 pm	2.64
Nethlnd.	4.56-4.59½	4.57¾-4.58¾	3-2c pm	6.55	8½-7½ pm	6.98
Belgium	66.96-67.40	67.20-67.30	10c pm-par	0.89	20-16 pm	0.89
Denmark	12.98-13.05	13.01¼-13.02¼	3½-5¼ore dis	−4.03	10¼-12¼ dis	−3.53
Ireland	1.1115-1.1175	1.1135-1.1145	0.05p pm-par	0.27	0.14-0.08 pm	0.39
W. Ger.	4.17-4.21	4.19-4.20	4¼-3¼pf pm	10.37	9¼-8¼ pm	6.34
Portugal	110.20-111.10	110.60-110.70	par-35c dis	−1.50	5 pm-95 dis	−1.63
Spain	155.50-156.65	156.45-156.55	45-85c dis	−4.88	175-240 dis	−6.30
Italy	1,931-1,941	1,940-1,941	2½-½ lire pm	0.83	2½-4½ dis	−0.77
Norway	11.14-11.20½	11.18½-11.19½	4-2½ore pm	3.48	9½-8½ pm	3.22
France	9.62-9.68	9.66¼-9.68¼	5½-4½c pm	6.21	10½-9½ pm	4.04
Sweden	9.66-9.71	9.68¼-9.69¼	4½-3½ore pm	6.11	11-10½ pm	4.39
Japan	540-548	542-543	1.50-1.20y pm	2.99	3.35-3.00 pm	2.34
Austria	29.90-30.05	29.97-30.02	25-15gro pm	8.00	61-51 pm	7.47
Switz.	3.95½-3.98	3.96½-3.97½	4½-3½c pm	12.09	11½-10½ pm	11.06

Belgian rate is for convertible francs. Financial franc 69.50-69.60. Six month forward dollar 0.93-1.03c dis. 12-month 0.60-0.70c dis.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.30-18.40 per cent; three-months 16.16-19.20 per cent; six-months 18.90-19.00 per cent; one year 17.65-17.75 per cent.

Mar. 28	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17⅜-17⅝	18-18½	8½-9½	10¼-10½	42-46	8¼-8⅛	12¾-13	11-13	6⅝-6⅞	14-14¼
7 days' notice	17¾-19	18¼-18½	8½-9½	10⅜-10⅝	2¾-3¼	8⅜-8⅛	12⅞-13⅛	14½-16	17⅝-17⅞	14½-15
Month	18¼-18½	18 1/16-18 5/16	16¼-15⅝	10⅝-10⅞	6⅞-6	8⅞-9	13⅛-13¾	16¾-17⅛	18¼-18⅜	14¾-15
Three months	18⅝-18⅞	19 1/16-19 5/16	15-15⅜	11⅛-11⅜	7-7⅛	8 11/16-9 1/16	14⅛-14⅜	18¾-19¾	19¼-19⅜	15¾-16
Six months	18⅝-18⅞	19 1/16-19 5/16	15⅛-16⅝	11¾-12	7 1/16-7 5/16	10 1/16-10 5/16	14 3/16-14 11/16	16¼-20¼	19¼-19⅜	15-15¼
One year	17¾-18	17⅝-17⅞	14⅞-16¼	12¼-18⅛	7¼-7⅜	10 1/16-10 5/16	14⅞-15⅛	20-21	17 11/16-17 15/16	15¼-13¾

Long-term Eurodollar two years 15¾-18 per cent; three years 15½-15⅝ per cent; four years 15⅝-15⅞ per cent; five years 14⅞-15⅛ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

LONDON MONEY RATES

Mar. 28 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	15-18	—	—	—	17½	14-17	—	—	—
8 days notice	—	—	18⅛-18½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17⅝-17⅞	18½-18⅝	—	18⅛	18	16¾-16⅞	—	—	—
One month	18⅛-17 15/16	18-18⅛	18⅝-18⅝	18¼-18⅞	18⅛	18⅛-18⅝	16¾	16 1/16	17⅞	18¼
Two months	18⅛-17 15/16	19⅛-18¼	—	16¼-18¾	18⅝	—	16⅝	16 1/16	17⅝-17 11/16	18⅛
Three months	18⅛-17 15/16	18 5/16-18 3/16	18½-18⅝	18¾-18¼	18⅝	18⅝	16⅝	16¼-16 11/32	17¼-17 5/16	17⅝
Six months	17¾-17⅝	17⅞-18	18⅛-18¼	18⅛-17⅝	18¾	18¼	—	—	16 5/16	16⅞
Nine months	17 1/16-17 1/16	17¼-17⅛	—	17⅞-17⅛	17¾	—	—	—	—	—
One Year	17-16 11/16	17 1/16-17 3/16	17⅝-17⅞	17⅛-17⅛	17¼	—	—	—	—	—
Two years	—	—	17¼-17⅛	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 16¼-16½ per cent; four years 15-16½ per cent; five years 16-16¼ per cent. ф Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 17⅛-17¼ per cent; four-month trade bills 17¾ per cent.

Approximate selling rates for one-month Treasury bills 15 27/32 per cent; two-month 16 1/32 per cent; three-months 16 3/32 per cent. Approximate selling rates for one-month bank bills 17⅛ per cent; two-months 17½-17⅝ per cent; three-months 17¼-17 3/32 per cent; one-month trade bills 18 per cent; two-months 17⅞ per cent; and three-months 17¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 18 per cent from March 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 18.2838 per cent.

CURRENCY RATES

Mar. 28	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.577386	0.602760
U.S. $	13	1.25570	1.30980
Canadian $	14	1.49032	1.55447
Austria Sch.	6¾	17.3422	18.0097
Belgian F.	14	38.9857	40.6775
Danish K	13	7.51725	7.85972
D'Mark	7	2.42325	2.53249
Guilder	9½	2.64955	2.76459
French Fr.	9½	5.60038	5.85616
Lira	16	1121.34	1170.30
Yen	9	314.051	326.467
Norwgn. Kr.	9	6.45807	6.74546
Spanish Pts.	8	90.2220	93.9268
Swedish Kr.	10	5.58410	5.84065
Swiss Fr.	3	2.29723	2.39955

CORAL INDEX: Close 419-424 (−3)

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas 51.8 55.1 +2.4 2.27
Next dealing April 3.
Lloyds Trust Gilt £9.26 9.27 ..... 13.50
Next dealing April 3.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth SF402.0 431.0 ..... 0.8
Lloyds Int. Income SF264.0 274.5 ..... 6.60

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588
Atlantic Mar. 25 US$5.07 5.23 ..... —
Australian Ex. Mar. 26 US$5.25 5.53 ..... —
Gold Ex.Acc. US$2.32 46.01 ..... 5.19
Island 137.4 146.2 −0.9 4.07
(Accum Units) 204.4 217.5 −1.3 4.07

Midland Bank Tst. Corp. (Jersey) Ltd.
28-34, Hill St., St. Helier, Jersey. 0534 36281
Midland Drayton Gilt 96.6 97.2 ..... 12.16

Samuel Montagu Ldn. Agents
114, Old Broad St., EC2. 01-588 6464
Apollo Fd. Mar. 18 SF48.80 52.95 ..... 3.33
Japfest. March 15 HK$14.87 16.10 ..... 0.42
117 Group Feb. 29 US$13.60 14.64 ..... 2.84
117 Jersey Mar. 19 £5.82 6.32 ..... 1.99
117 J'sey O's Mar. 12 £6.06 6.38 ..... 2.99

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
Hope St. Fd. Mar. 14 US$30.19 ..... —
Murray Fund Mar. 15 US$14.58 ..... —
Pacific Fund Feb. 29 US$3.3500 ..... —

Nat. Westminster Jersey Fd. Mgrs. Ltd.
45 La Motte St., St. Helier, Jersey 0534 36241
High Income Fund 45.6 47.0 ..... 12.77
Equity Fund 46.1 48.0 ..... 4.29

Negit S.A.
10a Boulevard Royal, Luxembourg
NAV Mar. 21 US$11.22 — ..... —

Negit Ltd.
Bank of Bermuda Bldgs., Hamilton, Brmda.
NAV Oct. 19 £4.35 ..... —

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.
NAV March 28 US$12.51 −0.09 —

Phoenix International
PO Box 77, St. Peter Port, Guern. 0481 26741
Inter-Dollar Fund US$2.45 2.65 ..... —
Far East Fund US$5.65 1.78 ..... —
Ind. Currency Fund US$1.52 1.65 ..... —
Dollar Fxd. Int. Fund US$1.81 1.95 ..... —
Ster. Exempt Gilt Fd. £1.29 1.40 ..... —

Providence Capitol Life Ass. (C.I.)
PO Box 121, St Peter Port, Guernsey 0481 26726/9
Sterling Bond Fd. 42.8 45.0 ..... —
Sterling Equity Fd. 52.6 55.2 ..... —
Intnl. Bond Fd. US$95.0 100.0 ..... —
Intnl. Equity Fd. US$96.8 101.0 ..... —
Prices at March 26. Next dealing April 2.

Quest Fund Mngmnt. (Jersey) Ltd.
PO Box 194, St. Helier, Jersey. 0534 27441
Quest Stlg.Fxd.Int. £0.790 0.837 14.93
Quest Intl. Secs. $0.867 0.933 4.61
Quest Intl. Bd. $0.793 0.840 11.31
Prices on March 26. Next dealing April 2.

Richmond Life Ass. Ltd.
48, Athol Street, Douglas, I.O.M. 0624 23914
(x)The Silver Trust 283.2 289.9 ..... —
Do. Diamond Bd. 167.4 176.3 ..... —
Do.Em IncomeBd. 116.4 124.6 ..... 14.36
Midway Deposit Bd. 110.01 111.13 ..... 17.08
Carrillon C.G.T. Bd. 64.9 68.4 ..... —

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† US$1.58 1.67 ..... 1.05
OCSm. Co.*** 86.9 92.1 ..... 3.51
O.C. Commodity* 188.4 199.7 ..... 5.59
O.C. Dir.Comdty.† US$51.6 46.59 ..... 0.58
O.C. Hong Kg. Fd.† HK$3.42 25.12 ..... —
O.C. Sterling Fd.** £11.542 ..... +0.03 —
*Prices on March 14. Next dealing March 31. †Prices on March 21. Next dealing Apr. 8. **Daily dealings. ***Mar. 14.

Rothschild Asset Mgt. (Bermuda)
P.O. Box 664, Bk. of Bermuda Bld., Bermuda
Reserve Assets Fd. US$9.51 9.72 ..... —
Prices on March 24. Next dealing April 12.

Royal Trust (C.I.) Fd. Mgt. Ltd.
P.O. Box 194, Royal Tst. Hse., Jersey. 0534 27441
R.T. Int'l. Fd. US$9.42 10.03 ..... 2.56
R.T. Int'l. (Jsy.) Fd. 73.0 78.0 ..... 3.97
Prices March 25. Next dealing April 1.

Save & Prosper International
Dealing to
P.O. Box 73, St. Helier, Jersey 0534 73933
Fixed Interest Funds
Deutschmark Bd.**‡ DM9.07 9.58 ..... 5.22
Dlr. Fxd. Int.**‡ US$7.80 8.28 ..... 8.70
St. Fixed**‡ 102.4 108.4 ..... 12.92
Yen Bond 1941 995 ..... 5.03
Equity Funds
Channel Capital‡ 68.4 72.1 −0.7 2.67
Internatl. Gr.**‡ US$5.92 9.65 ..... —
Far Eastern*‡ US$9.47 10.24 ..... —
North American*‡ US$4.81 5.20 ..... —
Sepro**‡ US$14.93 16.32 ..... —
Trust Channel Isl.‡ 69.2 72.9 −1.3 6.86
Commodity Funds
Commodity***‡ 161.1 169.9 ..... —
Deposit Funds
St. Deposit***‡ 117.5 117.6 ..... 6.21
*Prices on March 25. **March 21. ***March 27. ‡Weekly dealings. ‡Daily dealings.

Schlesinger International Mngt. Ltd.
41, La Motte St., St. Helier, Jersey. 0534 73588
S.A.I.L. 50.0 53.0 ..... 13.68
S.A.O.L. US$0.75 0.79 ..... 9.49
S.A.S.C.O.—$ 99.1 100.0 ..... —
Gilt Fd. 18.1 19.3 −0.1 14.25
Intl. Fd. Jersey 85.0 89.0 ..... 3.93
Intnl. Fd. Lxmbrg. 12.19 12.89 −0.11 —
*Far East Fund 90.0 95.0 ..... —
*Next sub day April 2.

Schroder Life Group
Enterprise House, Portsmouth. 0705 27733
International Funds
£Equity 83.4 88.7 ..... —
$Equity US$1.762 1.874 ..... —
£Fixed Interest 147.7 157.2 ..... —
$Fixed Interest US$1.128 1.200 ..... —
£Managed 118.4 121.7 ..... —
$Managed US$1.443 1.535 ..... —

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, EC2. 01-588 4000
Amer Inv Tst Mar 28 US$14.61 −0.68 2.39
Asian Fd. Mar. 17 HK$21.21 21.78 ..... 2.75
Cheapside $ March 27 US$14.15 −0.27 2.83
Darling Fd. Mar. 14 A$2.88 3.07 ..... 4.20
Japan Fd. Mar. 20 US$6.08 6.51 ..... 0.77
Trafalgar Fd. Feb. 29 US$219.28 ..... —

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund US$4.923 4.9415 ..... —

Singer & Friedlander Ldn. Agents.
20, Cannon St., EC4. 01-248 9646
Dekafonds DM20.94 22.04 −0.10 7.26
Tokyo Trust Mar. 4 US$30.00 ..... 3.98

Standard Chartered Intl. Bd. Fd.
37 rue Notre-Dame, Luxembourg.
NAV March 24 US$9.53 ..... —

Stronghold Management Limited
P.O. Box 315, St. Helier, Jersey. 0534-71460
Commodity Trust 133.59 140.62 ..... —

Surinvest (Jersey) Ltd. (x)
Queens Hse., Don Rd., St. Helier, Jsy. 0534 27349
American Ind.Tst. £4.59 4.69 ..... —
Copper Trust £14.76 15.12 ..... —
Jap. Index Tst. £5.90 6.03 ..... —

Surinvest Trust Managers Ltd.
48, Athol Street, Douglas, Isle of Man. 0624 23914
The Coin Trust 102.6 108.0 ..... —

TSB Unit Trust Managers (C.I.) Ltd.
10, Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Jersey Fund 49.4 52.0 ..... 5.53
TSB Guernsey Fund 49.4 52.0 ..... 5.53
Prices on March 26. Next sub. day April 1.

TSB Gilt Fund Managers (C.I.) Ltd.
10 Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Gilt Fund 91.0 94.0 ..... 12.00
TSB Gilt Fd. (Jsy.) 91.0 94.0 ..... 12.00
Prices on March 26. Next sub. day April 2.

Tokyo Pacific Holdings N.V.
Intimis Management Co. N.V., Curacao.
NAV per share March 24 US$72.51.

Tokyo Pacific Hldgs. (Seaboard) N.V.
Intimis Management Co. N.V., Curacao.
NAV per share March 24 US$52.83.

Tyndall Group
P.O. Box 1256 Hamilton 5, Bermuda. 2-2760
Overseas Mar. 26 US$1.18 1.26 ..... 6.00
(Accum. Units) US$2.03 1.29 ..... —
Man. Int. Feb. 21 US$3.32 3.50 ..... —
2 New St., St. Helier, Jersey. 0534 37331/3
TOFSL March 27 £7.80 8.35 ..... 2.14
(Accum. Shares) £13.00 13.92 ..... —
American Mar. 27 95.0 101.2 ..... 2.88
(Accum. shares) 99.4 105.8 ..... —
Far Eastern Mar. 27 88.6 93.0 ..... 2.30
(Accum. shares) 91.6 98.0 ..... —
European Mar. 27 68.8 72.0 ..... 3.05
(Accum. Shares) 71.6 73.8 ..... —
Jersey Fund Mar. 26 150.0 158.2 ..... 9.39
(Non-J. Acc. Uts.) 240.6 255.2 ..... —
Gilt Fund Mar. 26 94.2 96.0 ..... 12.48
(Accum. Shares) 149.2 151.8 ..... —
Victory House, Douglas, Isle of Man. 0624 24111
Managed Mar. 20 134.4 141.5 ..... —
High Inc. Gil. Mar. 26 103.2 105.6 ..... 13.35
(Accum Shares) 103.2 105.6 ..... —

Unilife Assurance (Overseas) Ltd.
P.O. Box 1388, Hamilton 5-31, Bermuda
Internl. Mngd. Fd. US$1.05 — ..... —

Union-Investment-Gesellschaft mbH
Postfach 16767, D 6000 Frankfurt 16.
Unifonds DM15.09 DM15.80 ..... —
Unirak DM46.73 49.10 −0.05 —
Unirenta DM33.82 34.90 ..... —

Utd. Intnl. Mngmnt (C.I.) Ltd.
14, Mulcaster Street, St. Helier, Jersey
U.I.B. Fund US$92.87 95.28 −3.04 8.58

van Cutsem & Associates Ltd.
42, Essex Street, London, WC2 01-353 6845
PanAmer. O's. Fd. US$119.95 ..... —

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555
Conv. Bd. March 27 US$8.32 −0.03 —
Energy Int. March 27 US$29.88 −0.95 —
Grt. St. $Fd. Feb. 29 US$7.54 ..... —
Merc.Eurobd.Mar 12 US$10.28 10.35 ..... 8.485
Merc.My.Mkt.Mar.24 £11.89 11.91 ..... —

Warburg Invest. Mngt. Jrsy. Ltd.
7 Library Place, St. Helier, Jsy. C1 0534 37217
CMF Ltd. Mar. 28 US$12.99 13.39 −1.73 2.56
CMT Ltd. Mar. 28 £12.86 13.19 −1.08 2.65
Metal Tr. Mar. 20 £13.69 14.03 ..... 3.54
SMT Ltd. Mar. 6 £10.63 10.91 ..... —
TMT Mar. 13 US$12.51 12.83 ..... 2.00
TMT Ltd. Mar. 13 £11.58 11.88 ..... 1.88

Wardley Investment Services Ltd.
4th Floor, Hutchison House, Hong Kong
Wardley Trust HK$18.36 19.48 ..... —
Wardley Nikko Ac. Fd. HK$23.81 24.62 ..... —
Wardley Bond Trust US$9.00 9.29 ..... —
Wardley Japan Trust HK$9.86 10.16 ..... —

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd US$22.56 −0.14 —

Wren Commodity Trust
10, St. George's St., Douglas IoM 0624 25015
Wren Commod. Tst. 57.2 59.3 ..... —

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Group (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co. Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Trust Management (a)(c)(g)

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd.

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.

Confederation Funds Mgt. Ltd.

Cosmopolitan Fund Managers

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mgrs. Ltd.

NOTES

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmnt. Ltd.

Equity & Law Un. Tr. M.

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd.

Friends' Provdt. Unit Tr. Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers

Gibbs (Antony) Unit Tst. Mgs. Ltd.

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration

Hill Samuel Unit Tst. Mgrs.

Intel

Key Fund Managers Ltd.

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers

National Provident Inv. Mngrs. Ltd.

National Westminster

NEL Trust Managers Ltd.

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd.

Pelican Units Admin. Ltd.

Perpetual Unit Trust Mngmt.

Practical Invest Co. Ltd.

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schlesinger Trust Mngrs. Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Sebag Unit Tst. Managers Ltd.

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd.

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd.

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co.

Tyndall Managers Ltd.

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Gartmore Bonds

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Standard Life Assurance Company

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Bank of America International S.A.

Banque Bruxelles Lambert

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Tst. Mngmt. (C.I.) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Frankfurt Trust Investment-GmbH

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd.

Hambro Pacific Fund Mgmt. Ltd.

Hambros (Guernsey) Ltd.

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intl.

International Pacific Inv. Mngt. Ltd.

J.E.T. Managers (Jersey) Ltd.

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Kemp-Gee Management Jersey Ltd.

Keyser Ullmann Ltd.

King & Shaxson Mgrs.

Kleinwort Benson Limited

Lazard Brothers & Co. (Jersey) Ltd.

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

30Ja	30Jl	FFI 13pc 1981	96¾	31.12	13.44	17.14
20J	20D	Do. 14pc '83	94½	19.11	14.82	15.97
31M	30S	ICFC 5½pc Deb. '80-82	80½xd	25.2	6.80	15.53
31M	30N	Do. 6½pc Db. '81-84	75	22.10	8.85	15.30
11Ja	11Jl	Do. 10½pc Uns. Ln. '86	84	10.12	12.86	15.40
11Ja	11Jl	Do. 11pc Uns. Ln. '88	82	10.12	13.83	15.10
11Ja	11Jl	Do. 11½pc Uns. Ln. '90	84½	10.12	14.37	15.40
30J	31D	Do. 7½pc A Deb. '89-92	56	19.11	13.10	15.20
31M	30S	Do. 7½pc A Db. '91-94	56xd	25.3	13.30	15.05
31M	30S	Do. 9pc 'A' '91-94	64½xd	25.2	13.95	15.10
28F	31A	Do. 9¾pc Ln. '92-97	62xd	14.1	14.31	15.00
14S	14 Mar	Do. 12½pc. Uns. Ln. 1992	84½xd	11.2	14.79	25.35

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

May	Nov.	Clive Dis'nt 20p	46	22.10	5.33	—	16.6	—
Feb.	Sept.	Com'l Aus. (SA1)	240sd	24.3	†Q18c	3.0	6.6	5.0
	May	Com'zbk DM 10	740	5.17	Q2.5%	—	10.0	—
	March	C'hgn. Hbk. Kr100	630	3.79	Q13%	—	15.9	—
July	Oct.	Corinthian 10p	29	24.9	†1.05	5.9	5.2	3.3
	May	Cred. France F75	£36¼	17.8	Q12.5%	—	6.4	—
Jan.	Apr.	Dawes (G. R.)	12	18.10	—	—	—	—
May	Nov.	Deutsche Bank DM50	£55	17.5	Q26.12%	—	6.7	—
—		F. C. Finance	55	8.10	2.2	ϕ	5.8	ϕ
—		First Nat. 10p	15½	9.74	—	—	—	0.9
—		Do. Wrrts. 75-83	2	—	—	—	—	—
June	Dec.	Gerrard Natnl.	202	22.10	†9.12	—	6.4	—
May	Nov.	Gibbs (A.)	82#	24.9	2.2	—	3.8	—

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

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CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

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INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Continued

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Motors and Cycles

Commercial Vehicles

Components

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NEWSPAPERS, PUBLISHERS

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Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
May	Nov.	Coronation	280xd	24.3	†Q54c	2.2	11.0
Nov.	May	Falcon Rh.50c	603xd	24.3	†Q100c	1.7	11.5
May		Rhod'n Corp. 16⅔p	38	10.3	0.56	8.5	2.1
Nov.	Apr.	Roan Cons. K4	170	25.2	†Q0.12	ϕ	4.5
Nov.	May	Wankie Col. Rh.1	57	22.10	Q9c	1.5	10.9
—		Zam.Cpr.SBD0.24	28	1174	—	—	—

AUSTRALIAN

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—		Acmex 50c	23	—	—	—	—
—		ACM 20c	14	—	—	—	—
—		Bond Corp.	75	—	Q3.75	2.2	2.6
Nov.	Apr.	Bougainville 50 Toea	156	12.9	Q37½c	ϕ	13.6
—		BH South 50c	200	574	—	—	—
—		Canada Northwest	34½	—	—	—	—
—		Carr Boyd 20c	21	—	—	—	—
—		Central Pacific	£15¼	—	—	—	—
Nov.	May	Conzinc Riotinto 50c	230	12.9	Q15c	ϕ	3.4
—		Cultus Pacific N.L.	24	—	—	—	—
—		Eagle Corp. 10c	20	—	—	—	—
—		Endeavour 20c	18	—	—	—	—
June		G. M. Kalgoorlie 25c	175	6'67	†Q3c	—	0.9

TINS

COPPER

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
January		Messina R0.50	176	28.12	Q10c	ϕ	3.2

MISCELLANEOUS

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—		Anglo-Dominion	120	—	—	—	—
—		Barymin	72	—	—	—	—
—		Burma Mines 17½p	13½	575	—	—	—
Aug.	Feb.	Cons. Murch. 10c.	380	28.12	kQ10c	1.8	15.1
—		Northgate C$1	325	977	—	—	—
Jan.	July	R.T.Z.	342	5.11	†11.5	3.4	4.8
—		Robert Mines	23	—	—	—	—
—		Sabina Inds. C$1.	30	—	—	—	—
—		Tara Explrn. $1	500	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♠ Regional price.
- || No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	28	......	Conv. 9% '80/82	£86	......
Bertam	10	......	Nat. 9¾% 84/89	£70½	......
Bdg'wtr. Est. 50p	365	......	Fin. 13% 97/02	£77⅝	–⅛
Clover Croft	69	......	Alliance Gas	59	......
Craig & Rose £1	£29½	......	Arnott	300	......
Fife Forge	37½	......	Carroll (P.J.)	91	......
Finlay Pkg. 5p	21	......	Clondalkin	100	–2
Graig Ship. £1	850	......	Concrete Prods.	80	......
Higsons Brew	75	......	Heiton (Hldgs.)	36	+4
Holt (Jos) 25p	255	......	Ins. Corp.	250	+15
I.O.M. Stm. £1	165	......	Irish Ropes	80	......
Pearce (C. H.)	305	......	Jacob	37	......
Peel Mills	37	......	T.M.G.	140	......
Sheff. Refrshmt	97½	......	Unidare	100	......
Sindall (Wm.)	165	......			

OPTIONS

3-month Call Rates

Industrials		I.C.I.	32	Utd. Drapery	9
Brown (J.)	7	"Imps"	24	Town & City	2
Burton 'A'	22	Mrks. & Spncr	9		
Cadburys	5½	Midland Bank	30	Oils	
Courtaulds	3	N.E.I.	5	Brit. Petroleum	38
Debenhams	8	Nat. West. Bank	32	Burmah Oil	20
Distillers	21	P & O Dfd.	9	Charterhall	12
Dunlop	5½	Plessey	16	KCA	11
Eagle Star	16	Racal Elect.	20	Premier	12
F.N.F.C.	2½	R.H.M.	4½	Shell	35
Gen. Accident	22	Rank Org.	18	Tricentrol	35
Gen. Electric	30	Reed Intnl.	17	Ultramar	50
Glaxo	40	Sears	5½		
Grand Met.	12	Tesco	7	Mines	
G.U.S. 'A'	30	Thorn	25		
Guardian	23	Trust Houses	14	Charter Cons.	18
G.K.N.	22	Tube Invest.	27	Cons. Gold	52
Hawker Sidd	16	Unilever	40	Lonrho	12
House of Fraser	12	U.D.T.	4	Rio T. Zinc	35

"Recent Issues" and "Rights" Page 22

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FINANCIAL TIMES

Monday March 31 1980

Consortium proposes new MG Cars deal

By John Griffiths

THE ASTON MARTIN consortium has given up in its efforts to acquire the MG Cars name from BL. Instead, at a meeting in London today with BL's managing director, Mr. Ray Horrocks, its leaders will seek a deal to make the MGB sportscar under licence at Abingdon.

Mr. Alan Curtis, Aston Martin's chairman, said last night his consortium had agreed to go ahead "as hard as possible" to conclude such a deal.

At the same time, he said, he "failed to understand" why BL withdrew a suggestion it made just over three weeks ago, that the consortium and BL might set up a British sportscar company, in which the consortium would build MGs to be marketed jointly with BL's Triumph sportscars and Jaguars.

The company would have been owned 40 per cent each by BL and the consortium, with the remaining 20 per cent held by outsiders.

"It was BL who promoted the idea, and it was a highly sensible one." But BL indicated yesterday that while it had thought the idea at least worth examining, it had concluded it could not be made viable and that its own losses in the company's first year would have exceeded £14m.

Mr. Curtis said last night: "I don't see how BL could have completed its financial analysis without detailed consultation with us; and we weren't consulted."

BL's negotiators apparently felt this was not necessary. "They wouldn't need to be consulted," said one executive yesterday. "Aston Martin sells an exotic, very low volume product. They've got no experience of selling in this type of sportscar market and what contribution could they make to an appraisal of it?"

If a licensing deal were agreed, Mr. Curtis made clear that BL would have to agree to supply components for at least two years. The car will also have to be re-engined with BL's "O" series unit by spring of next year to meet U.S. legislative requirements.

Neither requirement would appear to present an impossible hurdle to a licensing agreement. In particular, much of the development work to fit the new engine has already been done, and an agreement now would leave enough time to meet the U.S. deadline.

Oil rig disaster cause sought

BY RAY DAFTER IN LONDON AND FAY GJESTER IN OSLO

OIL INDUSTRY and Government officials have started urgent investigations into the capsizing last Thursday night of the North Sea oil rig Alexander Kielland.

Yesterday the severed leg of the stricken rig was being towed back to Norway from the Edda Field, scene of the worst disaster in the history of the offshore oil industry.

Marine construction experts hope the leg will give them a clue to the cause of the disaster, which led to the loss of 123 lives. Another body was recovered on Saturday night, bringing the total number of dead found to 41. Another 82 are missing. The rescue operation saved 89 workers.

The international search operation in the North Sea was called off when darkness fell on Saturday, although vessels in the area have been asked to keep extra watch.

Speculation about the cause of the disaster is concentrating increasingly on the possibility of material failure as a result of metal fatigue. According to one report, the rig was being hauled away from the Edda Field production platform when the accident occurred, suggesting that a brace could have snapped under the strain of this operation and the impact of heavy seas.

Although the rig lacked its own propulsion machinery and had to be towed over long distances, it could alter position locally by hauling in the anchor chains on some of its legs and letting them out on others. This could have put stress on the whole structure.

Until the cause has been identified, safety organisations will be reviewing the integrity of all semi-submersible rigs, particularly those of the pentagonal design of the Alexander Kielland.

Vessels that have been adapted from their original exploration configuration will come under particular scrutiny. The Alexander Kielland had been converted from a drilling rig into a "floating hotel."

One question being asked in the industry last night was whether the additional weight resulting from these conversions causes rigs to become more unstable in the event of an accident.

Mr. David Howell, the UK Energy Secretary, has asked the Norwegian Petroleum Directorate for a meeting to discuss aspects of the disaster, life-saving arrangements and co-ordination of rescue services. Energy Department officials said that the request resulted from a search for information and did not reflect uneasiness about the rescue operation.

Mr. Howell has also asked operators of pentagonal rigs to make a comprehensive safety check of the vessels, particularly around the legs and deck support structures. Three oil companies—Union Oil, Total and Amoco — operate pentagonal rigs in UK waters.

No definite plans have been devised for moving the wrecked rig itself. The task is urgent, because it lies in the middle of a triangle of sub-sea pipelines and could damage them if it comes adrift.

Towing the rig away will present problems because the drilling tower is believed to be resting on the seabed and may have to be cut away before the platform can be moved.

With the rescue operation abandoned, Phillips Petroleum, operator of the Ekofisk complex which includes the Edda Field, has begun raising production levels.

Fields in the complex had been shut down as a precautionary measure, with the result that at one point oil from the Ekofisk fields was flowing at less than half the normal 500,000 b/d.

Yesterday afternoon output was up to 440,000 b/d, although Edda remained shut down. Edda has been yielding 40,000 b/d recently, but will remain inoperative until the stricken rig is towed to shore, probably in the next day or two.

Italy's economic growth likely to halt, says OECD

BY DAVID WHITE IN PARIS

ECONOMIC growth in Italy is likely to halt in the second half of this year, with the unemployment rate rising above 8 per cent, the Organisation for Economic Co-operation and Development says in its annual report on Italy published today.

After an estimated rise of nearly 5 per cent in gross domestic product last year, growth of demand and output will probably weaken in the first half. Activity may show an absolute decline in the rest of the year.

The cost of living is expected to rise by an average 19 per cent. The rate may be slower in the second half than the first, after being pushed up by higher public utility charges. This compares with an average 14.8 per cent annual increase last year.

Real wages are expected to rise by about 1 per cent, compared with 4 per cent in 1979, showing a faster rise in the public than the private sector.

Private productive investment may remain comparatively firm, after improved company profits and a high level of orders in some sectors. But it is expected to start falling in the second half. The building sector is expected to remain depressed.

The OECD warns that the outlook is uncertain and the downturn could be sharper and inflation worse than its forecasts indicate.

Third time

It is the third time in six years, it says, that the authorities face the prospect of Italy's recovery being interrupted.

Export growth forecast at 4.5 per cent, will be limited by the slowdown in world demand. Imports may level off and even decline in volume in the second half.

But with deteriorating terms of trade, the foreign trade balance is likely to show a deficit of some £5bn (£2.3bn), compared with less than $1bn in 1979.

However, a steady income from invisibles promises to keep the current balance of payments in the black, although less substantially than last year. The OECD forecasts a current balance surplus of $1.5bn, compared with $6bn.

This reduction is regarded as normal in the context of an expected deficit for the whole OECD area. But the report warns against disguised capital movements brought about by exchange rate expectations, which risk producing "violent swings" in current account figures, as they did after the first oil crisis.

The Government may need to tighten monetary policy further, the OECD says, emphasising the need to control domestic sources of inflation.

It suggests adjusting the operation of the wage indexing system and calls for further efforts to curb public spending and fight tax evasion.

In particular, it criticises the level of assistance to public enterprises, which runs the risk of distorting market forces and limiting productivity gains.

Consumer council 'too political'

By David Churchill

A SHARP rebuke to the State-financed National Consumer Council for being too politically motivated was made yesterday by Mrs. Sally Oppenheim, Consumer Affairs Minister.

Mrs. Oppenheim told delegates to the Council's consumer congress meeting in Sheffield yesterday that the organisation was taking an "overtly political view" in discussing the Government's economic policies.

Mr. Jeremy Mitchell, the council's director, stressed yesterday that the council was not politically motivated. However, he said it was important for it to consider economic issues which had a direct relevance to consumer interests.

There was some support among delegates at the congress for Mrs. Oppenheim's views. They voted economic issues lowest on the council's list of priorities. Energy issues were considered the most important.

Mrs. Oppenheim's comments also reflected some grass roots Conservative Party opinion which is critical of the consumer council's economic comments. But it seems unlikely that the Government will consider withdrawing the council's grant, which amounts to more than £800,000 a year. Most of the grant pays the council's administration and staff costs.

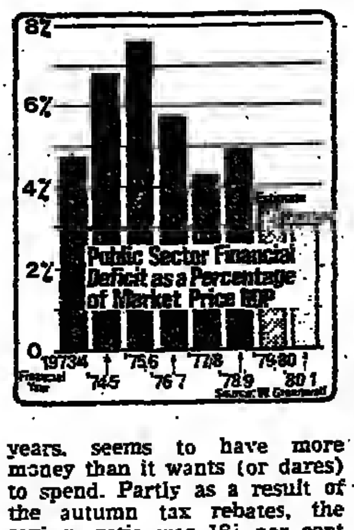
Background, Page 5

THE LEX COLUMN

If the Government stops borrowing

The prospect of a lower public sector deficit in successive financial years has principally meant, for the stock market, a vision of lower interest rates, although to judge from the market's unenthusiastic reaction to the Budget, that vision is still rather dim.

On the borrowing requirement forecasts in the Budget Red Book, the public sector's financial deficit could be down to less than 1 per cent of GDP by 1983-84. If this is to happen, the flow of funds pattern in the economy must readjust considerably as other sectors assume the responsibility of deficit now carried manfully by the state.



The Budget has done nothing to prevent the corporate sector's deficit from growing in the short term. Last year, the figure approached £5bn, and it is possible that in 1980 it may represent roughly the same proportion of GNP—4½ per cent or so—as in 1974.

There is nothing inherently unhealthy in a company sector deficit provided—as in Japan or Germany—that it is taken on willingly by companies which consider their growth prospects justify increasing borrowing. At present, though, it is largely involuntary: British companies have traditionally been unwilling to accept a deficit on anything like the scale forecast for 1980, and can be expected to do everything possible to cut it back.

As the Red Book suggests, there is likely to be significant de-stocking this year, particularly now that companies have been given the chance to avoid a tax clawback if their stocks are lower in one year. Indeed, the Treasury's expectation of de-stocking figures prominently in its forecast of a 2½ per cent fall in real GDP this year.

Company sector

Although companies will be struggling hard to avoid taking on more of a deficit than they need, it is difficult to see what could radically improve the corporate sector's position in 1981, as the introduction of stock relief did between 1974 and 1975 when the deficit fell from £4.6bn to £1bn.

In contrast to the corporate sector, both the personal and overseas sectors are in substantial surplus at present, and it is here that the burden of adjustment to a lower public sector deficit should ideally fall. The overseas sector surplus corresponds to the current account balance of payments deficit, £2½bn in 1979.

And the personal sector, after the sharp rise in real disposable income of the last two years, seems to have more money than it wants (or dares) to spend. Partly as a result of the autumn tax rebates, the savings ratio was 18½ per cent at the end of 1979, and the personal sector's surplus for the year as a whole was £13½bn.

The Treasury is still gloomy about the balance of payments outlook, forecasting a £2¾bn deficit for calendar 1980. But this figure takes no account of any benefit to invisible items from a reduction of the UK's net EEC contribution, and besides, in the two middle quarters of 1980 the public sector financial deficit will be expanding relative to the January/March quarter just ending. The impact of a lower public sector deficit on the overseas secto. may not be felt until near the nd of this year.

The Treasury is, however, expecting a reduction in the savings ratio, if only in favour of imported goods. In the next few months the personal sector will be subject to new temptation resulting from the abolition of the corset. The banks are now free to push personal lending again, with nothing more than fear of the Bank of England's displeasure to restrain them.

There will be willing s[illegible] of credit—at a price, of [illegible] whether consumers will w[illegible] take on more debt is going to be an intriguing question for the gilt-edged market, which is still obsessed with the monthly progress of the bank lending figures.

Yet in the medium term such major structural changes must take place if the Government's proclaimed strategy is to be achieved. Lower interest rates must allow a reopening of the corporate bond market, thus channelling personal savings into financing the company sector deficit (however much of a pious hope that may seem when the U.S. corporate bond market is in the process of being killed off).

The personal sector must run down its savings, whether because pension schemes find themselves over-funded and so reduce contributions, or because the man in the street is confident enough to borrow heavily (and thus dis-save). As the City's response to the Budget shows, the markets will take some persuading that all this can happen.

Inflation accounting

Later today the Accounting Standards Committee will publish the final version of its current cost accounting method, to be launched as SSAP 16. This will mark the eventual success of the committee in producing an inflation accounting standard, though it has only been achieved by years of argument punctuated by several notable setbacks.

The final result is certainly well worth having; but it bears the scars of a lengthy and painful gestation. In picking its way through a political, commercial and academic mi[illegible] mittee has inevita[illegible] with something which falls a long way short of theoretical purity.

The full details have yet to be revealed, but it is no secret that the new standard is little changed from the draft version published as ED 24. So it will retain the curious gearing adjustment which serves to reduce the impact on profits of the current cost adjustments for cost of sales and depreciation, but does not by any means reflect the full benefit to shareholders from the decline in the real value of net monetary liabilities.

It is an odd mixture of specific and general price level accounting and the committee has failed to tackle the question of so-called cash [illegible]: companies [illegible] will [illegible] correspo[illegible] sets in [illegible]

And [illegible] the arguments over detail, the accountants have overlooked the need to put pressure on companies to make simple adjustments of past data to a common price basis—the sort of thing which is taken for granted in, for instance, the national income accounts.

Under SSAP 16, company accounts will continue to compare this year's pounds with last year's, and five- and ten-year records will continue to present a wholly misleading picture; a point to which the Americans have given high priority in their new inflation accounting standard FAS 33.

Engineering reform support grows

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

SIR KEITH JOSEPH, Industry Secretary, will shortly have to weigh up the growing evidence from industry which favours some form of statutory body for the engineering profession against his own reluctance to involve Government.

The Finniston Report, which recommended the Government set up such a body, is the main subject for discussion at the meeting of the National Economic Development Council on Wednesday.

Sir Keith's submission to the council will fall far short of the commitment to implement Finniston demanded by the TUC and many leading industrialists.

Sir Keith will tell the council his department is still in consultation with industry, the professional engineering institutions, and academic bodies, and that the Government intends to indicate its response to Finniston in the summer.

He will also ask for the views of council on the recommendations in the report.

Three-quarters of the 200 companies approached by the department in January have replied. They nearly all support the view that there must be changes in the organisation of the profession, leading to a greater contribution by engineers to the health of manufacturing.

Some of the major engineering companies support the creation of an Engineering Authority as recommended by Finniston, with members appointed by the Industry Secretary. They include GEC, Ford, BL, GKN, the Electricity Council and the Post Office.

Others support the idea of an authority, but one that is more independent of Government. Some suggest that it should be responsible to the Privy Council, an idea that is also being canvassed by the Institution of Mechanical Engineers.

When Finniston was published, Sir Keith emphasised that the Government's dislike of quangos and their cost to the State would not prejudice his consideration of the report's recommendations but he is believed to have increasingly distanced himself from the report.

Continued from Page 1

Steelmen's rise

gineers warned on behalf of the craft unions that the pay offer just would not work. The BSC could not carry out its plans for retrenchment and efficiency without a workforce whose "morale, confidence and determination" had not been restored.

The industry was losing skilled men, had an ageing population and was struggling to fend off Third World competition while European steelmakers were "rubbing their hands with delight."

Other public service workers had been given pay rises in excess of the steelworkers' claim without being compelled to make the sacrifices demanded of steel workers.

Mr. Bill Sirs, general secretary of the ISTC, said the agreed productivity document to which the committee will now put a value meant many sacrifices by unions at both national and local level. Those sacrifices could not be rendered unless there was a "satisfactory outcome."

Lord Lever appeared to pour cold water on the unions' claim that the fact that they had for the first time negotiated jointly was itself worth something in cash terms.

Lord Lever was flanked by Sir Richard Marsh, the nominee of the corporation, and Mr. Bill Keys of SOGAT, representing the unions. Sir Richard time and again stressed the need of the corporation to find savings to meet steelworkers' wage aspirations and reminded the inquiry that BSC was heading for a loss of over £400m this year against £300m last year.

Mr. Keys latched on to the argument about permanent joint negotiating machinery, declaring that he would like to add a rider to the committee's findings about future bargaining

Awards for Fleetwood men

TWO MEN who helped to save Fleetwood's fishing industry during its deep crisis last year, have received special awards from the National Dock Labour Board.

Only six of the highly prized awards are made each year for service in the dock industry. The Fleetwood men are the board's local manager, Mr. Larry Wilkins and fish merchant president Mr. Harry Fairbotom.

Weather

UK TODAY

RAIN, SHOWERS, cloudy, with dry and sunny intervals. Temperatures near normal.

London, S.E., C.S., E., N.W. and C.N. England, E. Anglia, E. and W. Midlands

Rain, becoming showery with bright or sunny intervals developing. Max. 10C (50F).

Channel Isles, S.W. England, S. Wales

Sunny intervals, showers dying during evening. Max. 11C (52F).

Lake District, Borders, N.E. England, S.W. Scotland, Glasgow, Argyll

Cloudy, heavy rain at times, extensive hill fog. Max. 9C (48F).

Isle of Man, N. Ireland

Cloudy, rain at times. Max. 10C (50F).

Edinburgh, Dundee, C. Highlands, N.W. Scotland

Dry, becoming cloudy, rain later. Max. 9C (48F).

Outlook: Unsettled.

WORLDWIDE

		Y'day midday °C	°F			Y'day mid-day °C	°F
Ajaccio	S	18	64	L.Plma.	S	23	73
Algiers	S	19	66	Lisbon	Fg	14	57
Amsdm.	F	9	48	Locarno	S	17	63
Athens	S	16	61	London	C	10	50
Bahrain	C	31	88	Luxmbg.	C	8	46
Barclna.	F	17	63	Luxor	S	20	68
Beirut	S	18	64	Madrid	S	18	64
Belfast	C	8	46	Majorca	S	18	64
Belgrd.	C	15	59	Malaga	S	24	75
Berlin	C	7	45	Malta	R	15	59
Biarritz	S	15	59	M'chstr	F	9	48
Bmghm.	C	9	48	Melbne.	R	17	63
Blackpl.	S	9	48	Milan	S	16	61
Bordx.	F	14	57	Moscow	C	4	39
Boulgn	F	8	46	Munich	F	4	39
Bristol	C	8	46	Nairobi	C	21	71
Brussels	F	10	50	Naples	C	15	59
Budpst.	C	13	55	Nwcstl.	S	10	50
B. Aires	S	24	75	Nice	S	16	61
Cairo	S	30	86	Nicosia	S	18	64
Cardiff	C	7	45	Oporto	F	17	63
Csa'b'ca	S	20	68	Oslo	R	2	36
Cape T.	S	23	73	Paris	C	10	50
Cologne	C	9	48	Perth	S	28	82
Cophgn.	F	7	45	Prague	C	7	45
Corfu	S	18	64	Reykjvk.	C	2	36
Dublin	C	7	45	Rhodes	F	18	64
Dbrvnk.	F	16	61	Rio J'o	S	31	88
Ednbgh.	F	10	50	Rome	F	15	59
Faro	S	20	68	Salzbrg.	C	6	43
Frankft.	F	10	50	Singapr.	S	28	82
Funchal	F	18	64	Stckhm.	R	2	36
Geneva	F	10	50	Strasbg.	F	10	50
Gibrltr.	S	23	73	Tangier	F	17	63
Glasgow	F	9	48	Tehran	R	14	57
G'nsey	C	9	48	Tel Aviv	S	25	77
Helsinki	Sl	0	32	Tokyo	S	21	70
H. Kong	C	25	77	Tunis	F	18	64
Innsbrk	F	11	52	Valencia	S	20	68
Invrnss.	F	8	46	Venice	S	14	57
I.o.Man	S	8	46	Vienna	F	10	50
Istanbul	S	15	59	Warsaw	C	10	50
Jersey	C	9	48	Zurich	F	10	50
Jo'burg	S	25	77				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

New look at state industry financing

BY ANATOLE KALETSKY

MAJOR REFORMS in the financial control of the nationalised industries and in the definition of public sector borrowing are to be considered by the Government.

A special joint group of senior officials and nationalised industry Board members is being established to investigate three long-standing proposals for loosening the financial relationship between Government and State corporations.

The joint group's first meeting is expected to take place towards the end of April. It will squeeze on the public sector

- The treatment of nationalised industries in the public accounts and the possibility of segregating their borrowing from other categories of public expenditure and from the Public Sector Borrowing Requirement;
- Nationalised Industries' Chairmen's Group's worries about the present methods for setting the cash limits which govern the industries' external financing requirements;
- Present restrictions on the industries' sources of finance.

At present all nationalised industry borrowing comes within the definition of public spending and is strictly controlled by cash limits. As the squeeze o ntbe public sector has tightened, the state corporations have argued that their borrowing, required to finance productive investment, should not be treated in the same way as spending on non-marketed public consumption.

They have complained that rigid adherence to short-term cash limits has interfered with long-range planning. They say potentially profitable investment opportunities have been foregone or delayed because of restrictions in their access to private capital markets.

Whereas there is understood to be scepticism in official quarters about the chances for any substantial reforms, Ministerial statements suggest the Government may be more sympathetic to the nationalised industries' line of thinking. The Chancellor has been personally involved in the discussions leading up to the decision to establish the joint group.

Nationalised industry financing contributed £2.3bn in 1979-1980 to total public spending as it is presently defined. Last week's White Paper forecast a transformation of the industries' net deficit into a net surplus of £400m by 1983-84. Thus, the cosmetic effect of removing the nationalised industries from the definition of public spending would be an immediate reduction in the totals. This, however, would all but eliminate the gradual decline in spending over the next four years which the Chancellor announced.

The group's first meeting is to be headed by Mr. Bill Ryrie, Second Permanent Secretary at the Treasury. The nationalised industry side will be represented by chairmen and board members for finance of several state corporations. It is hoped the joint group's conclusions will be ready for the next round of public expenditure planning decisions in the autumn.

Chairman's group has new head, Page 4

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